



DRAFT ANNUAL BUDGET OF
NONGOMA MUNICIPALITY

2012/13 TO 2014/15

MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PTIS	Public Transport Infrastructure System
HR	Human Resources	SALGA	South African Local Government Association
HSRC	Human Science Research Council	SAPS	South African Police Service
IDP	Integrated Development Strategy	SDBIP	Service Delivery Budget Implementation Plan
IT	Information Technology	SMME	Small Micro and Medium Enterprises
KM	Kilometre		
KPA	Key Performance Area		
KPI	Key Performance Indicator		

Part 1 – Annual Budget

1.1 Mayor's Budget Speech

Honourable Speaker – Cllr A N Mchunu

Honourable Deputy Mayor – Cllr T B Nyoka

Honourable Members of the Executive Committee

Honourable Councillors

Acting Municipal Manager – M J Dladla

Heads of Department

Ladies and Gentlemen

I am honoured to present to you the Municipal Budget for 2012/2012 financial year today. I am hopeful that you will positively engage this budget with progressive ideas aimed at shaping the future and sustainability of Nongoma Municipality. Allow me Honourable Speaker to remind and inform all those present that this is our first budget since we took over the office as the newly elected Council.

In the past three years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. Nongoma Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of “doing business smarter”.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Nongoma Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

The 2012/2013 budget was prepared under challenging circumstances. It has taken a lot of effort and creativity to balance this budget. What we have tried to achieve with this year's budget is to meet the obligations of the municipality towards its electorate – YOU THE VOTER, YOU THE COMMUNITY MEMBER OF NONGOMA. To bring the best services to you with the financial resources we have is a mammoth task. However working together we can do more.

Mr Speaker, it is acknowledged that while the municipality is not a profit-making institution it must be maintained and managed as a going concern; therefore we cannot do without increasing the cost of service.

We have started a revenue enhancement project, the vehicle testing centre which will be commissioned in the new financial year. This project aims at increasing our revenue base, which will result in the upward revision of the grade of this municipality.

This budget is viewed by us as a budget for the people by the people. It covers the aspirations of our youth, by looking at their future. It talks to the needs of PEOPLE LIVING WITH HIV AND AIDS. It does not discriminate people living with DISABILITIES. It was done according to the budget guidelines.

Mister Speaker, we table several documents to the sitting of Council. We are aware that this is a huge volume but we do it to show transparency on how this budget was arrived at and the benefits to be derived by our community from the municipality's programmes.

Mister Speaker, listed below are the highlights of the 2013/14 MTREF Budget:

Details	Adjustments Budget 2011/12	Budget Year 2012/13	Budget Year 2013/14	Budget Year 2014/15
Total operating revenue	76 797	110 955	121 581	104 556
Total operating expenditure	80 717	110 923	121 315	104 404
<i>Surplus/(Deficit for the year)</i>	<i>(3 920)</i>	<i>32</i>	<i>266</i>	<i>152</i>
Total capital expenditure	70 579	88 583	37 868	30 895

Revenue

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	1 287	3 985	3 508	4 541	7 011	7 011	7 011	7 708	8 124	8 563
Service charges	686	571	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Investment revenue	-	-	307	626	626	626	626	661	696	734
Transfers recognised - operational	31 449	43 691	52 575	66 026	66 100	66 100	66 100	97 345	107 236	89 437
Other own revenue	1 073	2 337	1 972	3 539	1 575	1 575	1 575	3 674	3 872	4 081
Total Revenue (excluding capital tr	34 494	50 584	59 374	75 736	76 796	76 796	76 796	110 955	121 581	104 556

Operating Expenditure

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Employee costs	15 164	17 786	22 956	26 762	26 075	26 075	26 075	36 803	39 011	41 352
Remuneration of councillors	6 603	8 087	7 390	11 147	11 147	11 147	11 147	9 134	9 682	10 263
Depreciation & asset impairment	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	3 654
Finance charges	-	470	276	1 190	78	78	78	2 220	3 713	3 909
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	81	81	81	81	20 094	25 109	126
Other expenditure	6 786	23 198	36 372	34 930	40 206	40 206	40 206	39 373	40 328	45 100
Total Expenditure	30 582	52 721	71 370	77 239	80 717	80 717	80 717	110 922	121 315	104 404

Capital Expenditure

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Upgrading of the Taxi and Bus Rank (including trading stalls) – R27,3 million;
- Construction of new administration offices – R40 million;
- Construction of recreational facilities (community assets) – R9,2 million;
- Construction of rural roads – R13,8 million;
- Rehabilitation of main entry road (R66) – R22,4 million;
- Construction of museum and cultural centre R14 million; and
- Construction of by-pass road R20 million.

The municipality will be implementing the expanded public works programme for an amount of R1 million as per the National Treasury allocation.

Tariffs

When revising tariffs and other charges, municipalities are urged to take into account the cost of rendering a service in order to ensure financial sustainability. In revising the tariffs we have taken into account the harsh economic realities of Nongoma. It is impossible to increase the tariffs beyond the inflation target of 6%. Municipalities are required to justify all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target.

All tariffs and service charges have been increased by 5.4% for the 2012/13 financial year and the two outer years of the MTREF.

We will continue to provide free basic service to poor and indigent households and therefore we urge those households which qualify for indigent and other support to come forward and register for a subsidy.

Mr Speaker, allow me to confirm that although we want to do far more than the mentioned elements as well as everything that is captured in this budget, we cannot do everything in one year or even in two years but we will strive to ensure that the needs of our community are fulfilled.

In conclusion, Mr Speaker, I can without doubt state that the proposed 2012/13 multi-year budget attempts to support the role of Nongoma Municipality and will definitely contribute to poverty alleviation and improving the lives of the community.

I want to pay special gratitude the Councillors of Nongoma, the Acting Municipal Manager Mr M J Dladla, the Chief Financial Officer Mr M R Mthethwa, the Heads of Departments and all the staff of Nongoma, for the good work they did in producing this budget. It will improve the lives of the people.

I thank you

Hon Councillor J B Mavundla
Mayor of Nongoma Municipality.

1.2 Council Resolutions

On 30 March 2012 the Council of the Municipality met in the Council Chambers of Nongoma Municipality to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of Nongoma Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:
 - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12 on page 23;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 13 on page 24;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 26; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 16 on page 28.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 30;
 - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 32;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 34;
 - 1.2.4. Asset management as contained in Table 20 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 21 on page 38.

2. The Council of Nongoma Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:

- 2.1. the tariffs for property rates – as set out on page 13.

3. The Council of Nongoma Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, as set out in Annexure A.

4. To give proper effect to the municipality's annual budget, the Council of Nongoma Municipality approves:

- 4.1. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2012/13 financial year limited to an amount of R40 million per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.

- 4.2. That the Acting Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimise the collection of debt owed by consumers. Furthermore, the Municipality has

undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 58 and 59 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of solid waste disposal. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is an overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

Table 1 Overview of the 2012/13 MTREF

Details	Adjustments Budget 2011/12	Budget Year 2012/13	Budget Year 2013/14	Budget Year 2014/15
Total operating revenue	76 797	110 955	121 581	104 556
Total operating expenditure	80 717	110 923	121 315	104 404
<i>Surplus/(Deficit for the year)</i>	<i>(3 920)</i>	<i>32</i>	<i>266</i>	<i>152</i>
Total capital expenditure	70 579	88 583	37 868	30 895

Total operating revenue has grown by 44.5% or R34,158 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 9.6% and decrease by 14.0% in 2014/15, equating to a total revenue growth of R27.76 million over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2011/12 financial year has been appropriated at R110,923 million and translates into a budgeted surplus of R0,32 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has grown by 37.4% in the 2011/12 budget and by 9.4% in 2013/14 and decreased by 13.9% in 2014/15. The operating surplus for the two outer years steadily increases to R0.152 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R88,853 million for 2012/13 is 25.5 per cent more when compared to the 2011/12 Adjustment Budget. The capital programme decreases to R37,868 million in the 2013/14 financial year and in 2014/15 to R30,895 million. A substantial portion of the capital budget will be funded from conditional grants over the MTREF. Borrowing will contribute 42.2% in 2012/13. It is anticipated that no borrowings will be raised in the two outer years of the MTREF. The balance will be funded from internally generated funds.

1.4 Operating Revenue and Expenditure Framework

For the Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be

made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an annual collection rate of not less than 75% for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN265 Nongoma - Table 2 Budgeted Financial Performance

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	1 053	3 594	2 755	4 193	5 794	5 794	5 794	6 423	6 769	7 135
Property rates - penalties & collection charges		234	391	753	348	1 217	1 217	1 217	1 285	1 355	1 428
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	572	451	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Service charges - other		114	120	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	266	-	154	154	154	154	162	171	180
Interest earned - external investments		-	-	307	626	626	626	626	661	696	734
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		29	25	30	31	77	77	77	81	86	90
Licences and permits		583	724	740	2 765	755	755	755	2 807	2 959	3 119
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		31 449	43 691	52 575	66 026	66 100	66 100	66 100	97 345	107 236	89 437
Other revenue	2	460	1 323	1 180	590	590	590	590	623	656	692
Gains on disposal of PPE				22							
Total Revenue (excluding capital transfers and contributions)		34 494	50 584	59 374	75 736	76 796	76 796	76 796	110 955	121 581	104 556

The following table is a summary of the 2012/13 MTREF (classified by main revenue source).

Table 3 Percentage growth in revenue by main revenue source

Description	2010/11		Current Year 2011/12		2011/12 Medium Term Revenue & Expenditure Framework					
R thousand	Audited Outcome	%	Adjusted Budget	%	Budget Year 2011/12	%	Budget Year +1 2012/13	%	Budget Year +2 2013/14	%
<u>Revenue By Source</u>										
Properties Rates	2 616 541	4.5%	5 793 508	7.5%	6 422 505	5.8%	6 769 320	5.6%	7 134 863	6.8%
Penalty Interest	332 448	0.6%	1 217 226	1.6%	1 285 391	1.2%	1 354 802	1.1%	1 427 961	1.4%
Transfers Recognised - Operational	51 931 000	88.8%	66 100 000	86.1%	97 345 000	87.7%	107 236 000	88.2%	89 437 000	85.5%
Interest	257 840	0.4%	625 576	0.8%	660 608	0.6%	696 281	0.6%	733 880	0.7%
Refuse Removal	695 876	1.2%	1 484 535	1.9%	1 567 669	1.4%	1 652 323	1.4%	1 741 549	1.7%
Traffic Fines	16 384	0.0%	76 920	0.1%	81 228	0.1%	85 614	0.1%	90 237	0.1%
Licencing	1 891 262	3.2%	755 000	1.0%	2 807 280	2.5%	2 958 873	2.4%	3 118 652	3.0%
Market Stall Rentals	135 571	0.2%	153 700	0.2%	162 307	0.1%	171 072	0.1%	180 310	0.2%
Sundry Income	609 644	1.0%	589 742	0.8%	622 768	0.6%	656 397	0.5%	691 842	0.7%
Total revenue (excluding capital transfers and contributions)	58 486 566	100%	76 796 207	100%	110 954 755	100%	121 580 682	100%	104 556 294	100%
Total Revenue from rates and Other services	6 555 566	11.2%	10 696 207	13.9%	13 609 755	12.3%	14 344 682	11.8%	15 119 294	14.5%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue transfers recognised forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 12.8 per cent of the total revenue mix. In the 2011/12 financial year, revenue from rates and services charges totalled R3.3 million or 5.4 per cent. This increases to R5,197 million, R5,483 million and R5,721million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totalling 3.5 per cent or R4,193 million rand and increases to R4,658 million by 2014/15. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. The Municipality has been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R43,369 million in the 2011/12 financial year and steadily increases to R77,422 million by 2013/14. Note that the year-on-year growth for the 2012/13

financial year is 24.5 per cent and then flattens out to 21.4 and 17.3 per cent in the two outer years.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN265 Nongoma - Table 4 Transfers and grant receipts										
Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		30 129	41 909	51 659	65 667	65 667	65 667	95 301	105 066	87 034
Local Government Equitable Share		28 874	40 424	49 419	62 891	62 891	62 891	72 001	77 416	84 334
Finance Management		500	750	1 450	1 450	1 450	1 450	1 500	1 750	1 750
Municipal Systems Improvement		755	735	790	790	790	790	800	900	950
Integrated National Electrification Program		-	-	-	-	-	-	20 000	25 000	-
EPWP Incentive		-	-	-	536	536	536	1 000	-	-
Provincial Government:		240	200	532	329	383	383	1 994	2 120	2 353
Provincialisation of Libraries		-	-	332	329	383	383	245	514	542
Municipal Assistance Programme		240	200	200	-	-	-	-	-	-
Community Library Services		-	-	-	-	-	-	101	106	111
Infrastructure		-	-	-	-	-	-	150	-	-
Property Rates		-	-	-	-	-	-	1 498	1 500	1 500
IDP Assistance		-	-	-	-	-	-	-	-	200
District Municipality:		30	30	80	50	50	50	50	50	50
Tourism		30	30	80	50	50	50	50	50	50
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	30 399	42 139	52 271	66 046	66 100	66 100	97 345	107 236	89 437
Capital Transfers and Grants										
National Government:		11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
Municipal Infrastructure Grant (MIG)		11 715	14 989	17 351	20 868	22 660	22 660	25 314	26 703	28 247
Neighbourhood Development Partnership		-	-	15 000	10 000	40 500	40 500	20 554	10 000	2 648
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Tourism										
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
TOTAL RECEIPTS OF TRANSFERS & GRANTS		42 114	57 128	84 622	96 914	129 260	129 260	143 213	143 939	120 332

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate a 30 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;

- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 5.4% increase from 1 July 2012 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2012/13 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2011)
	C	C
Residential property (Rebate – 30%)	0.0117	0.0111
Agricultural land	0.0030	0.0028
Public Service Infrastructure	0.0233	0.0221
Business property	0.0233	0.0221
Commercial property	0.0233	0.0221
Industrial property	0.0233	0.0221
Mining land	0.0233	0.0221
Vacant land	0.0466	0.0444
Indigent property	-	-
Specialised NMP	0.0117	0.0111
Municipal property	Nil	Nil

1.4.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles and equipment, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and

that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 5.4% increase in the waste removal tariff is proposed from 1 July 2012. Any increase higher than 5.4% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2012:

Table 6 Comparison between current waste removal fees and increases

Category	Current Tariff (1 July 2012)	Current Tariff (1 July 2011)
	R	R
Domestic Consumers	85	78
Business:		
- Bulk	2 760	2 620
- Small	332	315
Governmental Institutions:		
Hospitals/Clinics	2 760	2 620
- Educational	2 760	2 620
- Other	2 760	2 620
Market Stalls	90	85.00
Hall Rental (Refundable Deposit of R300)	1 685	1 600.00
Billboards	490	465.00

Table 7 Summary of operating expenditure by standard classification item

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Employee costs	15 164	17 786	22 956	26 762	26 075	26 075	26 075	36 803	39 011	41 352
Remuneration of councillors	6 603	8 087	7 390	11 147	11 147	11 147	11 147	9 134	9 682	10 263
Depreciation & asset impairment	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	3 654
Finance charges	-	470	276	1 190	78	78	78	2 220	3 713	3 909
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	81	81	81	81	20 094	25 109	126
Other expenditure	6 786	23 198	36 372	34 930	40 206	40 206	40 206	39 373	40 328	45 100
Total Expenditure	30 582	52 721	71 370	77 239	80 717	80 717	80 717	110 922	121 315	104 404

The budgeted allocation for employee related costs for the 2012/13 financial year totals R36,803 million, which equals 33.2% of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.08% for the 2012/13 financial year. An annual increase of 6.08% has been included in the two outer years of the MTREF. It should be mentioned that the Trade Unions and SALGA agreed that the wage increase would be 6.08 per cent effective 1 July 2011.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the budget. A percentage increase of 6.08% for the 2012/13 financial and the two outer years have been factored into the budget.

The provision of debt impairment was determined based on an annual collection rate of 60 per cent and the Debt Write-off Policy of the Municipality. For the 2012/13 financial year this amount equates to R923 thousand and decreases to R369 thousand by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R3,299 million for the 2012/13

financial and equates to 2.97% of the total operating expenditure. Note that the municipality implemented GRAP 17 accounting standard in 2008/09 and brought a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2% (R2,220 million) of operating expenditure and escalate to 3.7% of operating expenditure (R3,909 million) by 2014/15.

Contracted services comprise budgeted expenditure for security services and waste management services. In the 2012/13 financial year, this group of expenditure totals R5,599 million or 5.0%. For the two outer years growth has been limited to 4.9% and 5.9%.

Transfers and grants in 2012/13 and 2013/14 include the National Rural Electrification Programme budgeted expenditure of R20 million and R25 million respectively as well as the provision for 50kwv free basic electricity (FBE).

Other expenditure comprises various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The budget has been limited to 29.6% for 2012/13 and 27.8% and 36.9% for the two outer years.

1.4.3 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 8 Operational repairs and maintenance

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
Infrastructure - Road transport		-	246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
<i>Roads, Pavements & Bridges</i>			246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
<i>Storm water</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Community halls										
Libraries										
Recreational facilities										
Cemeteries										
Other assets		430	595	1 881	5 203	3 703	3 703	3 114	3 288	3 466
General vehicles		245	399	572	1 300	1 300	1 300	1 376	1 455	1 533
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment				76	200	200	200	212	224	236
Computers - hardware/equipment		32	30	-	85	85	85	90	95	100
Furniture and other office equipment		153	166							
Civic Land and Buildings				1 233	3 618	2 118	2 118	1 437	1 514	1 596
Total Repairs and Maintenance Expenditure	1	430	841	4 881	6 303	6 303	6 303	5 870	6 209	6 545
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
<i>R&M as a % of PPE</i>		1.2%	1.5%	5.7%	4.3%	4.1%	4.1%	2.5%	2.3%	2.2%
<i>R&M as % Operating Expenditure</i>		1.4%	1.6%	6.8%	8.2%	7.8%	7.8%	5.3%	5.1%	6.3%

During the compilation of the 2012/13 MTREF operational repairs and maintenance was not identified as a strategic imperative due to the fact that most of the infrastructure as well as buildings is fairly new. The infrastructure relating to electricity, water and sanitation is now the responsibility of the District Municipality. The total allocation for 2012/13 equates to R5,870 million and R6,209 million and R6,545 million for 2013/14 and 2014/15 respectively. In relation to the total operating expenditure, repairs and maintenance comprises of 5.3% for 2012/13 and 5.1% and 6.3% for the two outer years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 9 Repairs and maintenance per asset class

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year 2013/14	Budget Year 2014/15
Repairs and maintenance expenditure by Asset Class									
Infrastructure - Road transport	-	246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
Total Infrastructure	-	246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
Other assets									
General vehicles	246	399	572	1 300	1 300	1 300	1 376	1 455	1 533
Specialised vehicles									
Plant & equipment			76	200	200	200	212	224	236
Computers - hardware/equipment	32	30	-	85	85	85	90	95	100
Furniture and other office equipment	153	166							
Civil Buildings			1 233	3 618	2 118	2 118	1 437	1 514	1 596
Total Repairs and Maintenance Expenditure	430	841	4 881	6 303	6 303	6 303	5 870	6 209	6 545

Road Infrastructure has been allocated R2,756 million of total repairs and maintenance equating to 49.65% for the 2012/13 financial year. 24.5% or R1.437million of total repairs and maintenance for 2012/13 financial year will be spent on civil buildings.

1.4.4 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 100 000 or more indigent households during the 2012/13 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services as well as basic service delivery measurement is contained in Table 21 SA10 (Basic Service Delivery Measurement) on page 30.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 10 2012/13 Medium-term capital budget per vote

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote 1 - Governance and Administration		20	423	9	85	85	85	85	-	500	-
Vote 2 - Financial Services		3	95	133	153	153	153	153	15	270	-
Vote 3 - Corporate Services		772	225	1 092	14 636	746	746	746	40 000	-	-
Vote 4 - Sport, Recreation and Community Services		-	18	17	-	-	-	-	945	-	-
Vote 5 - Economic and Environmental Services		11 520	6 645	32 493	32 230	63 225	63 225	63 225	45 911	36 998	30 895
Vote 6 - Transport and Roads		-	3 035	-	3 200	3 200	3 200	3 200	843	-	-
Vote 7 - Safety and Security		-	635	-	-	275	275	275	404	-	-
Vote 8 - Solid Waste Management		35	315	223	1 531	2 895	2 895	2 895	465	-	-
Vote 9 - Tourism and Sports		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		12 349 755	11 391 955	33 966 526	51 834 461	70 578 702	70 578 702	70 578 702	88 582 550	37 768 000	30 895 000

For 2012/13 an amount of R45,868 million has been appropriated for the development of infrastructure and community assets which represents 51.8% of the total capital budget. In the outer years this amount totals R36,703 million, 97.2% and R30,895 million, 100.0% respectively for each of the financial years. Corporate Services receives an allocation of R40,0 million in 2012/13 which equates to 45.2% for the construction of municipal offices.

Total new assets represent 54.4% or R48,195 million of the total capital budget while asset renewal equates to 45.6% or R40,158 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 20 A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages and 32). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Upgrading of the Taxi and Bus Rank (including trading stalls) – R27,3 million;
- Construction of new administration offices – R40 million;
- Construction of recreational facilities (community assets) – R9,2 million;
- Construction of rural roads – R13,8 million;

- Rehabilitation of main entry road (R66) – R22,4 million;
- Construction of museum and cultural centre R14 million; and
- Construction of by-pass road R20 million.

1.6 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 MBRR Table A1 - Budget Summary

KZN265 Nongoma - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands										
Financial Performance										
Property rates	1 287	3 985	3 508	4 541	7 011	7 011	7 011	7 708	8 124	8 563
Service charges	686	571	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Investment revenue	–	–	307	626	626	626	626	661	696	734
Transfers recognised - operational	31 449	43 691	52 575	66 026	66 100	66 100	66 100	97 345	107 236	89 437
Other own revenue	1 073	2 337	1 972	3 539	1 575	1 575	1 575	3 674	3 872	4 081
Total Revenue (excluding capital transfers and contributions)	34 494	50 584	59 374	75 736	76 796	76 796	76 796	110 955	121 581	104 556
Employee costs	15 164	17 786	22 956	26 762	26 075	26 075	26 075	36 803	39 011	41 352
Remuneration of councillors	6 603	8 087	7 390	11 147	11 147	11 147	11 147	9 134	9 682	10 263
Depreciation & asset impairment	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	3 654
Finance charges	–	470	276	1 190	78	78	78	2 220	3 713	3 909
Materials and bulk purchases	–	–	–	–	–	–	–	–	–	–
Transfers and grants	–	–	–	81	81	81	81	20 094	25 109	126
Other expenditure	6 786	23 198	36 372	34 930	40 206	40 206	40 206	39 373	40 328	45 100
Total Expenditure	30 582	52 721	71 370	77 239	80 717	80 717	80 717	110 922	121 315	104 404
Surplus/(Deficit)	3 912	(2 137)	(11 996)	(1 503)	(3 920)	(3 920)	(3 920)	32	266	152
Transfers recognised - capital	11 520	11 496	36 240	32 165	63 667	63 667	63 667	45 868	36 703	30 895
Contributions recognised - capital & contributed	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	15 432	9 359	24 244	30 662	59 747	59 747	59 747	45 900	36 969	31 047
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	15 432	9 359	24 244	30 662	59 747	59 747	59 747	45 900	36 969	31 047
Capital expenditure & funds sources										
Capital expenditure	12 350	11 392	35 884	51 834	70 579	70 579	70 579	88 583	37 768	30 895
Transfers recognised - capital	11 520	9 681	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	17 800	1 159	1 159	1 159	40 000	–	–
Internally generated funds	830	1 711	1 918	1 870	6 260	6 260	6 260	2 715	1 065	–
Total sources of capital funds	12 350	11 392	33 967	51 834	70 579	70 579	70 579	88 583	37 768	30 895
Financial position										
Total current assets	9 878	21 566	9 320	18 648	16 226	16 226	16 226	16 823	21 262	26 406
Total non current assets	35 366	55 724	86 058	148 707	153 508	153 508	153 508	236 451	269 403	295 757
Total current liabilities	14 468	13 755	21 742	9 709	17 906	17 906	17 906	17 784	18 573	18 573
Total non current liabilities	2 816	6 694	4 253	24 750	5 907	5 907	5 907	41 486	40 513	39 896
Community wealth/Equity	27 959	56 840	69 383	132 895	145 921	145 921	145 921	194 005	231 578	263 693
Cash flows										
Net cash from (used) operating	15 787	7 486	26 004	36 229	60 995	60 995	60 995	53 557	46 572	40 119
Net cash from (used) investing	(13 698)	(11 446)	(34 195)	(47 735)	(70 579)	(70 579)	(70 579)	(88 583)	(37 768)	(30 895)
Net cash from (used) financing	25	13 989	(445)	12 545	1 042	1 042	1 042	35 636	(4 525)	(4 525)
Cash/cash equivalents at the year end	(595)	9 434	797	10 923	7 701	7 701	7 701	8 311	12 590	17 289
Cash backing/surplus reconciliation										
Cash and investments available	(595)	9 434	797	10 923	7 701	7 701	7 701	8 311	12 590	17 289
Application of cash and investments	(6 994)	7 974	16 363	(1 169)	10 130	10 130	10 130	5 610	5 978	5 495
Balance - surplus (shortfall)	6 399	1 460	(15 566)	12 092	(2 429)	(2 429)	(2 429)	2 701	6 612	11 794
Asset management										
Asset register summary (WDV)	47 457	55 669	86 058	763	438	438	340	340	242	144
Depreciation & asset impairment	2 030	3 180	4 375	3 129	3 129	3 129	3 299	3 299	3 472	3 654
Renewal of Existing Assets	–	–	–	1 643	1 643	1 643	1 643	40 388	540	–
Repairs and Maintenance	430	841	4 881	6 303	6 303	6 303	5 870	5 870	6 209	6 545
Free services										
Cost of Free Basic Services provided	–	–	–	7	–	7	8	8	9	11
Revenue cost of free services provided	1	3	3	0	440	440	491	491	521	546
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	21
Sanitation/sewerage:	19	20	20	21	21	21	21	21	21	21
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	37	39	39	41	41	41	41	41	41	41

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation (Table A9) shows that in previous financial years many of the municipal obligations were not cash-backed. This placed the municipality in a very vulnerable financial position, as the revenue collections were at a low level. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN265 Nongoma - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		44 814	49 371	57 190	70 995	73 465	73 465	84 904	91 163	98 649
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		44 814	49 371	56 918	70 995	73 465	73 465	84 904	91 163	98 649
Corporate services		-	-	272	-	-	-	-	-	-
<i>Community and public safety</i>		617	750	1 081	1 116	1 216	1 216	1 376	1 547	1 631
Community and social services		1	1	312	330	384	384	497	622	655
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		616	749	770	786	832	832	879	926	976
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		12	11 509	36 251	34 755	64 248	64 248	68 925	63 871	33 380
Planning and development		12	11 509	36 251	32 745	64 248	64 248	66 915	61 752	31 147
Road transport		-	-	-	2 010	-	-	2 010	2 119	2 233
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		572	451	1 012	1 004	1 485	1 485	1 568	1 652	1 742
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		572	451	1 012	1 004	1 485	1 485	1 568	1 652	1 742
<i>Other</i>	4	-	-	80	30	50	50	50	50	50
Total Revenue - Standard	2	46 014	62 080	95 614	107 901	140 463	140 463	156 823	158 284	135 451
Expenditure - Standard										
<i>Governance and administration</i>		23 487	42 388	51 610	46 655	49 960	49 960	51 279	53 768	57 567
Executive and council		10 457	13 279	10 204	14 655	14 225	14 225	13 983	14 810	15 686
Budget and treasury office		6 325	20 887	26 811	16 671	17 746	17 746	20 490	21 201	23 118
Corporate services		6 704	8 222	14 595	15 328	17 988	17 988	16 806	17 757	18 762
<i>Community and public safety</i>		1 831	2 320	4 086	11 179	10 755	10 755	14 417	15 844	17 462
Community and social services		36	291	1 090	7 134	5 924	5 924	7 851	8 884	10 095
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 795	2 029	2 996	4 045	4 831	4 831	6 566	6 960	7 368
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		2 392	2 922	5 335	10 539	10 941	10 941	34 440	40 269	17 283
Planning and development		2 389	2 653	4 530	8 157	9 245	9 245	30 119	35 690	12 446
Road transport		3	269	805	2 382	1 695	1 695	4 320	4 580	4 837
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2 873	5 091	9 921	7 524	7 720	7 720	9 356	9 917	10 492
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 873	5 091	9 921	7 524	7 720	7 720	9 356	9 917	10 492
<i>Other</i>	4	-	-	418	1 341	1 341	1 341	1 431	1 517	1 600
Total Expenditure - Standard	3	30 582	52 721	71 370	77 239	80 717	80 717	110 922	121 315	104 404
Surplus/(Deficit) for the year		15 432	9 359	24 244	30 662	59 747	59 747	45 900	36 969	31 047

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 on page 20.
- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury Office.

Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services		44 814	49 371	56 918	70 995	73 465	73 465	84 904	91 163	98 649
Vote 3 - Corporate Services		-	-	272	-	-	-	-	-	-
Vote 4 - Sport, Recreation and Community Services		1	1	312	330	384	384	497	622	655
Vote 5 - Economic and Environmental Services		12	11 509	36 251	32 745	64 248	64 248	66 915	61 752	31 147
Vote 6 - Transport and Roads		-	-	-	2 010	-	-	2 010	2 119	2 233
Vote 7 - Safety and Security		616	749	770	786	832	832	879	926	976
Vote 8 - Solid Waste Management		572	451	1 012	1 004	1 485	1 485	1 568	1 652	1 742
Vote 9 - Tourism and Sports		-	-	80	30	50	50	50	50	50
Total Revenue by Vote	2	46 014	62 080	95 614	107 901	140 463	140 463	156 823	158 284	135 451
Expenditure by Vote to be appropriated	1									
Vote 1 - Governance and Administration		10 457	13 279	10 204	14 655	14 225	14 225	13 983	14 810	15 686
Vote 2 - Financial Services		6 325	20 887	26 811	16 671	17 746	17 746	20 490	21 201	23 118
Vote 3 - Corporate Services		6 704	8 222	14 595	15 328	17 988	17 988	16 806	17 757	18 762
Vote 4 - Sport, Recreation and Community Services		36	291	1 090	7 134	5 924	5 924	7 851	8 884	10 095
Vote 5 - Economic and Environmental Services		2 389	2 653	4 530	8 157	9 245	9 245	30 119	35 690	12 446
Vote 6 - Transport and Roads		3	269	805	2 382	1 695	1 695	4 320	4 580	4 837
Vote 7 - Safety and Security		1 795	2 029	2 996	4 045	4 831	4 831	6 566	6 960	7 368
Vote 8 - Solid Waste Management		2 873	5 091	9 921	7 524	7 720	7 720	9 356	9 917	10 492
Vote 9 - Tourism and Sports		-	-	418	1 341	1 341	1 341	1 431	1 517	1 600
Total Expenditure by Vote	2	30 582	52 721	71 370	77 239	80 717	80 717	110 922	121 315	104 404
Surplus/(Deficit) for the year	2	15 432	9 359	24 244	30 662	59 747	59 747	45 900	36 969	31 047

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating

performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the waste management services.

Table 14 Surplus/(Deficit) calculations for the trading services

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<i>Trading services</i>										
Waste management										
Revenue		572	451	1 012	1 004	1.485	1.485	1 568	1 652	1 742
Operating expenditure		2 873	5 091	9 921	7 524	7 720	7 720	9 356	9 917	10 492
Surplus/(Deficit)		(2 873)	(5 090)	(9 920)	(7 523)	(7 719)	(7 719)	(7 788)	(8 265)	(8 750)

- The waste management service shows a huge deficit which cannot be eradicated by increasing tariffs payable by consumers in the light of prevailing economic conditions. The municipality has to review its waste management strategy to resolve the challenge.
- Note that a surplus on waste management is utilised as an internal funding source for the capital programme for asset renewal and *is not used to cross-subsidise other municipal services*.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
Revenue By Source											
Property rates	2	1 053	3 594	2 755	4 193	5 794	5 794	5 794	6 423	6 769	7 135
Property rates - penalties & collection charges		234	391	753	348	1 217	1 217	1 217	1 285	1 355	1 428
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	572	451	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Service charges - other		114	120	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	266	-	154	154	154	154	162	171	180
Interest earned - external investments		-	-	307	626	626	626	626	661	696	734
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		29	25	30	31	77	77	77	81	86	90
Licences and permits		583	724	740	2 765	755	755	755	2 807	2 959	3 119
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		31 449	43 691	52 575	66 026	66 100	66 100	66 100	97 345	107 236	89 437
Other revenue	2	460	1 323	1 180	590	590	590	590	623	656	692
Gains on disposal of PPE				22							
Total Revenue (excluding capital transfers and contributions)		34 494	50 584	59 374	75 736	76 796	76 796	76 796	110 955	121 581	104 556
Expenditure By Type											
Employee related costs	2	15 164	17 786	22 956	26 762	26 075	26 075	26 075	36 803	39 011	41 352
Remuneration of councillors		6 603	8 087	7 390	11 147	11 147	11 147	11 147	9 134	9 682	10 263
Debt impairment	3	938	3 549	5 990	270	270	270	270	923	673	369
Depreciation & asset impairment	2	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	3 654
Finance charges			470	276	1 190	78	78	78	2 220	3 713	3 909
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		1 812	2 264	3 069	3 757	4 093	4 093	4 093	5 599	5 916	6 235
Transfers and grants		-	-	-	81	81	81	81	20 094	25 109	126
Other expenditure	4, 5	4 036	17 385	27 314	30 903	35 843	35 843	35 843	32 851	33 738	38 496
Loss on disposal of PPE											
Total Expenditure		30 582	52 721	71 370	77 239	80 717	80 717	80 717	110 922	121 315	104 404
Surplus/(Deficit)		3 912	(2 137)	(1 996)	(1 503)	(3 920)	(3 920)	(3 920)	32	266	152
Transfers recognised - capital		11 520	11 496	36 240	32 165	63 667	63 667	63 667	45 868	36 703	30 895
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		15 432	9 359	24 244	30 662	59 747	59 747	59 747	45 900	36 969	31 047
Taxation											
Surplus/(Deficit) after taxation		15 432	9 359	24 244	30 662	59 747	59 747	59 747	45 900	36 969	31 047
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		15 432	9 359	24 244	30 662	59 747	59 747	59 747	45 900	36 969	31 047
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		15 432	9 359	24 244	30 662	59 747	59 747	59 747	45 900	36 969	31 047

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R110,6 million in 2012/13 and escalates to R121,6 million by 2014/15. This represents a year-on-year increase of 9.6% for the 2013/14 financial year and a decrease of 14% for the 2014/15 financial year. The significant increase in 2012/13 and 2013/14 is due to an allocation for the national rural electrification programme.
2. Revenue to be generated from property rates is R6.4 million in the 2012/13 financial year which represents 5,8% of the operating revenue base of the Municipality and increases to R7,1 million by 2014/15. Beside the annual inflation adjustment, the transfer of 52 residential properties to the new owner is expected to generate additional property rates revenue. The property rates revenue remains relatively constant over the medium-term and tariff increases have been factored in at 5,4% for each of the respective financial years of the MTREF.
3. Services charges relating to refuse removal constitutes 1.4% or R1,568 million of the operating revenue budget for the 2012/13 financial year and increasing to R1.72 million by 2014/15.
4. The drivers testing centre will be commissioned in 2012/13 financial year. Licence and permits are, therefore, expected to generate R2,87 million in 2012/13 and increasing to R3,1 million in 2014/15.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 1.5% and 10.2% for 2012/13 and 2013/14 respectively and then decrease by 16.6% in 2014/15.
6. Employee related cost is the main cost-driver within the municipality. Salaries and wages have increased significantly over the 2011/12 to 2014/15 period escalating from R26,1 million to R41,4 million.
7. General expenses have increased moderately from R32,8 million in 2012/13 to R38,5 in 2014/15.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			Pre-audit outcome	2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Outcome	Outcome	Outcome	Budget	Budget	Forecast		Year	Year +1	Year +2
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Sport, Recreation and Community Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Economic and Environmental Services		11 520	6 645	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Vote 6 - Transport and Roads		-	-	-	-	-	-	-	-	-	-
Vote 7 - Safety and Security		-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Tourism and Sports		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	11 520	6 645	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Single-year expenditure to be appropriated	2										
Vote 1 - Governance and Administration		20	423	9	85	85	85	85	-	500	-
Vote 2 - Financial Services		3	95	133	153	153	153	153	15	270	-
Vote 3 - Corporate Services		772	225	1 092	14 636	746	746	746	40 000	-	-
Vote 4 - Sport, Recreation and Community Services		-	18	17	-	-	-	-	945	-	-
Vote 5 - Economic and Environmental Services		-	-	444	65	65	65	65	43	295	-
Vote 6 - Transport and Roads		-	3 035	-	3 200	3 200	3 200	3 200	843	-	-
Vote 7 - Safety and Security		-	635	-	-	275	275	275	404	-	-
Vote 8 - Solid Waste Management		35	315	223	1 531	2 895	2 895	2 895	465	-	-
Vote 9 - Tourism and Sports		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		830	4 747	1 918	19 670	7 419	7 419	7 419	42 715	1 065	-
Total Capital Expenditure - Vote		12 350	11 392	33 967	51 834	70 579	70 579	70 579	88 583	37 768	30 895
Capital Expenditure - Standard											
Governance and administration		795	743	1 234	14 874	984	984	984	40 015	770	-
Executive and council		20	423	9	85	85	85	85	-	500	-
Budget and treasury office		3	95	133	153	153	153	153	15	270	-
Corporate services		772	225	1 092	14 636	746	746	746	40 000	-	-
Community and public safety		-	653	17	-	275	275	275	1 350	-	-
Community and social services			18	17					945	-	-
Public safety			635			275	275	275	404	-	-
Economic and environmental services		11 520	9 681	34 410	35 430	66 425	66 425	66 425	46 753	36 998	30 895
Planning and development		11 520	9 681	34 410	32 230	63 225	63 225	63 225	45 911	36 998	30 895
Road transport					3 200	3 200	3 200	3 200	843	-	-
Trading services		35	315	223	1 531	2 895	2 895	2 895	465	-	-
Waste management		35	315	223	1 531	2 895	2 895	2 895	465	-	-
Total Capital Expenditure - Standard	3	12 350	11 392	35 884	51 834	70 579	70 579	70 579	88 583	37 768	30 895
Funded by:											
National Government		11 520	9 681	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	11 520	9 681	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Public contributions & donations	5										
Borrowing	6				17 800	1 159	1 159	1 159	40 000	-	-
Internally generated funds		830	1 711	1 918	1 870	6 260	6 260	6 260	2 715	1 065	-
Total Capital Funding	7	12 350	11 392	33 967	51 834	70 579	70 579	70 579	88 583	37 768	30 895

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2011/12 R32,165 million has been allocated of the total R51,834 million capital budget, which totals 62.1 per cent. This allocation escalates to R71,052 million in 2012/12 and then decreases to R40,197 million in 2013/14 owing primarily to the fact that various projects reach completion in 2012/13 hence the spike in expenditure in year two.
3. Single-year capital expenditure has been appropriated at R16,433 million for the 2011/12 financial year and decreases to R1,255 million in 2012/13 and R775 thousand in 2013/14.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.
5. The capital programme is funded from national capital grants, borrowings and internally generated funds from current year surpluses. For 2011/12, capital transfers totals R30,868 million and escalate to R75,373 million by 2012/13 and decrease to R36,769 in 2013/14. Borrowing has been provided at R17,8 million in 2011/12. It is envisaged that the Municipality will not source external loans in the outer two year of the MTREF. Internally generated funding amount to R1,87 million, R1,3 million and R0,79 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 17 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		–	8 884	213	10 305	6 491	6 491	6 491	6 441	10 023	13 988
Call investment deposits	1	577	550	584	617	1 210	1 210	1 210	1 871	2 567	3 301
Consumer debtors	1	9 301	4 496	6 601	4 367	6 604	6 604	6 604	6 591	6 751	7 196
Other debtors		–	7 636	1 921	3 358	1 921	1 921	1 921	1 921	1 921	1 921
Current portion of long-term receivables											
Inventory	2										
Total current assets		9 878	21 566	9 320	18 648	16 226	16 226	16 226	16 823	21 262	26 406
Non current assets											
Long-term receivables		–	54	–	22	–	–	–	–	–	–
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	35 332	55 645	85 522	147 922	153 070	153 070	153 070	236 112	269 161	295 613
Intangible		34	25	536	763	438	438	438	340	242	144
Other non-current assets											
Total non current assets		35 366	55 724	86 058	148 707	153 508	153 508	153 508	236 451	269 403	295 757
TOTAL ASSETS		45 243	77 290	95 378	167 355	169 734	169 734	169 734	253 275	290 664	322 162
LIABILITIES											
Current liabilities											
Bank overdraft	1	1 172	–	–	–	–	–	–	–	–	–
Borrowing	4	465	458	303	1 503	587	587	587	4 364	4 525	4 525
Consumer deposits		5									
Trade and other payables	4	12 826	13 297	20 150	8 207	17 319	17 319	17 319	13 420	14 048	14 048
Provisions				1 289							
Total current liabilities		14 468	13 755	21 742	9 709	17 906	17 906	17 906	17 784	18 573	18 573
Non current liabilities											
Borrowing		769	305	–	15 963	366	366	366	35 944	34 971	34 355
Provisions		2 047	6 389	4 253	8 788	5 541	5 541	5 541	5 541	5 541	5 541
Total non current liabilities		2 816	6 694	4 253	24 750	5 907	5 907	5 907	41 486	40 513	39 896
TOTAL LIABILITIES		17 284	20 449	25 995	34 460	23 813	23 813	23 813	59 270	59 086	58 470
NET ASSETS	5	27 959	56 840	69 383	132 895	145 921	145 921	145 921	194 005	231 578	263 693
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		(3 255)	56 840	69 383	132 895	145 921	145 921	145 921	194 005	231 578	263 693
Reserves	4	31 215	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	27 959	56 840	69 383	132 895	145 921	145 921	145 921	194 005	231 578	263 693

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in

order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 52) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table18 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		6 489	3 011	2 875	10 995	8 492	8 492	8 492	11 881	12 702	13 495
Government - operating	1	42 939	43 691	52 575	66 026	66 100	66 100	66 100	97 345	107 236	89 437
Government - capital	1	–	11 496	36 240	30 868	61 368	61 368	61 368	45 868	36 703	30 895
Interest		234	657	307	626	626	626	626	661	696	734
Dividends											
Payments											
Suppliers and employees		(33 875)	(50 898)	(65 718)	(71 095)	(74 900)	(74 900)	(74 900)	(99 978)	(108 552)	(92 033)
Finance charges		–	(470)	(276)	(1 190)	(690)	(690)	(690)	(2 220)	(2 213)	(2 409)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		15 787	7 486	26 004	36 229	60 995	60 995	60 995	53 557	46 572	40 119
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	68	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		(427)	(54)	–	–	–	–	–	–	–	–
Decrease (Increase) other non-current receivables		–	–	19	33	–	–	–	–	–	–
Decrease (Increase) in non-current investments		(165)	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(13 105)	(11 392)	(34 282)	(47 768)	(70 579)	(70 579)	(70 579)	(88 583)	(37 768)	(30 895)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(13 698)	(11 446)	(34 195)	(47 735)	(70 579)	(70 579)	(70 579)	(88 583)	(37 768)	(30 895)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing		433	14 460		15 216	1 630	1 630	1 630	40 000	–	–
Increase (decrease) in consumer deposits		146	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(554)	(471)	(445)	(2 671)	(587)	(587)	(587)	(4 364)	(4 525)	(4 525)
NET CASH FROM/(USED) FINANCING ACTIVITIES		25	13 989	(445)	12 545	1 042	1 042	1 042	35 636	(4 525)	(4 525)
NET INCREASE/(DECREASE) IN CASH HELD		2 114	10 028	(8 636)	1 039	(8 541)	(8 541)	(8 541)	610	4 279	4 699
Cash/cash equivalents at the year begin:	2	(2 709)	(595)	9 434	9 883	16 242	16 242	16 242	7 701	8 311	12 590
Cash/cash equivalents at the year end:	2	(595)	9 434	797	10 923	7 701	7 701	7 701	8 311	12 590	17 289

The above table shows that cash and cash equivalents of the Municipality were largely depleted in the 2007/08 and 2008/09 financial year and improved to a positive cash balance of R9,434 million in 2009/10. The Municipality is expecting to recover the amount due by SARS which if collected in time will result in a positive cash balance of R8,155 million in 2010/11. For the 2011/12 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to exceed R10,923 million by 2011/12 and steadily increasing to R20,978 million by 2013/14.

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality improved in 2012/13 at R8,311 million. The budgeted cash position shows an favourable increase over the MTREF which arises from various interventions such as the rationalization of spending priorities.
4. The 2011/12 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R8,311 million as at the end of the 2012/13 financial year and escalates to R17,289 million by 2014/15.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 55 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	(595)	9 434	797	10 923	7 701	7 701	7 701	8 311	12 590	17 289
Other current investments > 90 days		(0)	(0)	(0)	(0)	-	-	-	(0)	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		(595)	9 434	797	10 923	7 701	7 701	7 701	8 311	12 590	17 289
Application of cash and investments											
Unspent conditional transfers		11 054	4 308	3 244	3 574	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(18 048)	3 666	13 120	(4 743)	10 130	10 130	10 130	5 610	5 978	5 495
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investme	5										
Total Application of cash and investments:		(6 994)	7 974	16 363	(1 169)	10 130	10 130	10 130	5 610	5 978	5 495
Surplus(shortfall)		6 399	1 460	(15 566)	12 092	(2 429)	(2 429)	(2 429)	2 701	6 612	11 794

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 55 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. The budget for the MTREF 2012/13 to 2014/15 is adequately funded at R8,311 million, R12,590 million and R17,289 respectively.

6. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modelled to progressively move from a deficit of R0.595 million in 2008/09 to a surplus of R17,289 million by 2014/15.

Table 20 MBRR Table A9 - Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	12 350	11 392	33 967	50 192	68 936	68 936	48 195	37 228	30 895
Infrastructure - Road transport		–	3 016	19 495	13 899	13 596	13 596	45 868	36 703	30 895
Infrastructure - Other		–	–	10 330	9 000	43 000	43 000	–	–	–
Infrastructure		–	3 016	29 825	22 899	56 596	56 596	45 868	36 703	30 895
Community		11 520	6 870	2 223	9 266	9 064	9 064	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	830	1 506	1 918	18 027	3 276	3 276	2 327	525	–
Total Renewal of Existing Assets	2	–	–	–	1 643	1 643	1 643	40 388	540	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	1 643	1 643	1 643	40 388	540	–
Total Capital Expenditure	4									
Infrastructure - Road transport		–	3 016	19 495	13 899	13 596	13 596	45 868	36 703	30 895
Infrastructure - Other		–	–	10 330	9 000	43 000	43 000	–	–	–
Infrastructure		–	3 016	29 825	22 899	56 596	56 596	45 868	36 703	30 895
Community		11 520	6 870	2 223	9 266	9 064	9 064	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		830	1 506	1 918	19 670	4 919	4 919	42 715	1 065	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	12 350	11 392	33 967	51 834	70 579	70 579	88 583	37 768	30 895
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		3 164	6 061	27 514						
Infrastructure		3 164	6 061	27 514	–	–	–	–	–	–
Community										
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		44 260	49 584	58 009						
Intangibles		34	25	536	763	438	438	340	242	144
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	47 457	55 669	86 058	763	438	438	340	242	144
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		2 030	3 180	4 375	3 129	3 129	3 129	3 299	3 472	3 654
Repairs and Maintenance by Asset Class	3	430	841	4 881	6 303	6 303	6 303	5 870	6 209	6 545
Infrastructure - Road transport		–	246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
Infrastructure		–	246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
Community		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	430	595	1 881	5 203	3 703	3 703	3 114	3 288	3 466
TOTAL EXPENDITURE OTHER ITEMS		2 460	4 021	9 257	9 432	9 432	9 432	9 169	9 681	10 199
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	3.2%	2.3%	2.3%	45.6%	1.4%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	52.5%	52.5%	52.5%	1224.2%	15.6%	0.0%
R&M as a % of PPE		1.2%	1.5%	5.7%	4.3%	4.1%	4.1%	2.5%	2.3%	2.2%
Renewal and R&M as a % of PPE		1.0%	2.0%	6.0%	1041.0%	1815.0%	1815.0%	13613.0%	2791.0%	4551.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal of capital assets is far below the National Treasury requirement of 40% of capital budget. The municipality does not have major assets that needs to be renewed. The MIG capital projects that are being undertaken at this stage are fairly new and will probably not be renewed during the current MTREF. It is for the same reason that the budget for repairs and maintenance is not 8% of the net asset value of the municipality's property, plant and equipment.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		964	1 012	1 012	1 074	1 074	1 074	1 085	1 085	1 085
Piped water inside yard (but not in dwelling)		2 149	2 257	2 257	2 395	2 395	2 395	2 442	2 442	2 442
Using public tap (at least min.service level)	2	4 633	4 864	4 864	5 162	5 162	5 162	5 265	5 265	5 265
Other water supply (at least min.service level)	4	29 312	30 777	30 777	32 661	32 661	32 661	33 315	33 315	33 315
<i>Minimum Service Level and Above sub-total</i>		37 058	38 910	38 910	41 292	41 292	41 292	42 107	42 107	42 107
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	37 058	38 910	38 910	41 292	41 292	41 292	42 107	42 107	42 107
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		445	467	467	496	496	496	521	521	521
Flush toilet (with septic tank)		185	195	195	206	206	206	216	216	216
Chemical toilet		9 450	9 922	9 922	10 530	10 530	10 530	11 056	11 056	11 056
Pit toilet (ventilated)		8 190	8 599	8 599	9 126	9 126	9 126	9 582	9 582	9 582
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		18 270	19 183	19 183	20 358	20 358	20 358	21 375	21 375	21 375
Bucket toilet		133	133	133	133	133	133	135	135	135
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		18 788	19 728	19 728	20 935	20 935	20 935	21 353	21 353	21 353
<i>Below Minimum Service Level sub-total</i>		18 921	19 861	19 861	21 068	21 068	21 068	21 488	21 488	21 488
Total number of households	5	37 191	39 044	39 044	41 426	41 426	41 426	42 863	42 863	42 863
<u>Energy:</u>										
Electricity (at least min.service level)		8 049	8 452	8 452	8 969	8 969	8 969	9 148	9 148	9 148
Electricity - prepaid (min.service level)		8 182	8 591	8 591	9 116	9 116	9 116	9 298	9 298	9 298
<i>Minimum Service Level and Above sub-total</i>		16 231	17 043	17 043	18 085	18 085	18 085	18 446	18 446	18 446
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	16 231	17 043	17 043	18 085	18 085	18 085	18 446	18 446	18 446
<u>Refuse:</u>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		296	310	310	330	330	330	330	330	330
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		33 167	34 825	34 825	36 956	36 956	36 956	36 956	36 956	36 956
Other rubbish disposal		2 965	3 113	3 113	3 303	3 303	3 303	3 303	3 303	3 303
No rubbish disposal		0	351	351	372	372	372	372	372	372
<i>Below Minimum Service Level sub-total</i>		36 762	38 599	38 599	40 961	40 961	40 961	40 961	40 961	40 961
Total number of households	5	36 762	38 599	38 599	40 961	40 961	40 961	40 961	40 961	40 961
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	6 748	-	6 748	7 828	9 080	10 533
Refuse (removed once a week)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided (minimum social package)		-	-	-	6 748	-	6 748	7 828	9 080	10 533
Highest level of free service provided										
Property rates (R value threshold)		-	-	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		0 668	3 044	3 044	154	154 000	154 000	161 998	171 690	179 998
Property rates (other exemptions, reductions and rebates)		-	-	-	286	286 000	286 000	329 261	348 961	365 846
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	6	0 668	3 044	3 044	0 440	440	440	491	521	546

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality has a huge backlog of basic services delivery. The services such as water, and sanitation are the responsibility of the Zululand District Municipality whilst ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma. The current situation is as follows:

- **Water**

The table above indicates that in terms of piped water, households receiving it within their dwelling has increased from 1.9% in 2001, to 2.6% in 2007, while inside the yard has increased from 4.1% (2001) to 5.8% (2007). Piped water from an access point outside the yard has, however, decreased from 24.4% to 12.5%.

Currently water is supplied to the municipality from the VUNA dam which is severely silted up and it is estimated to have lost 75% of its storage capacity.

- **Sanitation**

The Community Survey data indicates that flush toilets connected to a sewerage system have decreased from 5.0% in 2001 to 1.2% in 2007, while chemical toilets have increased from 8.4% in 2001 to 22.1% in 2007. It is also noted that VIP toilets have increased from 10.1% in 2001 to 22.1% in 2007. The number of people who indicated that they have no form of toilet also decreased from 56.8% in 2001 to 46.3% in 2007.

- **Electricity**

ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma and the existing bulk supply is being upgraded to meet the existing and future demands of Nongoma town and the surrounding areas. The municipality area is covered by metered electricity supply whilst those areas in the former Tribal Areas are served with pre-paid electricity supply as well as metered electricity supply in selected areas.

- **Refuse**

There are no formal refuse removal services or refuse dumps in the rural areas of Nongoma. There is a landfill site in Nongoma Town is almost full. However, it should be noted that in the town this function is being investigated with a view to realising greater efficiencies.

3. It is anticipated that these Free Basic Services will cost the municipality R66,000 in 2011/12, increasing to R185,000 in 2014/15. The reason for the low figures is that the indigent register is incomplete and the picture might change when the community concerned come forward to register for free basic services. The provision of free basic electricity is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor Could not table in Council the required IDP and budget time schedule in August 2011 due to unforeseen circumstances. The IDP/Budget Process Plan was tabled on **21 December 2011**. Key dates applicable to the process were:

- **February 2012** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **28 January 2012** - Council considers the 2011/12 Mid-year Review and Adjustments Budget;
- **February 2012** - Recommendations of the Mayoral Committee are communicated to the Budget and Treasury Office. The draft 2012/13 MTREF is revised accordingly;
- **31 March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2012** – Public consultation;
- **30 April 2012** - Closing date for written comments;
- **1 to 6 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2012** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 and 59 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 30 March 2012 for community consultation was made available at municipal offices. In addition a further consultation process included the invitation of the community to the IDP/Budget Indaba which was held jointly with the District Municipality on 5 May 2012. Other visits to various wards were undertaken by the Mayor and other Councillors in order to get the respective communities to voice out their needs.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process included 19 public briefing sessions. The applicable dates and venues were made available to the respective ward councillors. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2012/13 MTREF. Feedback and responses to the submissions received are available on request.

Significant changes effected in the final 2012/13MTREF compared to the draft 2012/13 MTREF that was tabled for community consultation, include:

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a

municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and

- The National Priority Outcomes.

In January 2010 government adopted twelve outcomes underpinning its long term development strategy as a key focus of work to be done between now and 2014. Each of the 12 outcomes has a delivery agreement that in most cases involve all spheres of government and a range of partners outside government. Combined, these agreements reflect Government's delivery and implementation plans for its foremost priorities.

The Medium Term Strategic Framework (MTSF) of Government identifies a number of priorities that are based on the electoral mandate. The outcomes-based approach further identifies the 12 desired outcomes of Government. These are:

1. Improved quality of basic education.
2. A long and healthy life for all South Africans.
3. All people in South Africa are and feel safe.
4. Decent employment through inclusive economic growth.
5. A skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Vibrant, equitable and sustainable rural communities with food security for all.
8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government system.
10. Environmental assets and natural resources that are well protected and continually enhanced.
11. Creating a better South Africa and contributing to a better and safer Africa in a better world.
12. An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

2012/13 MTREF	
1.	Provision of quality basic services and infrastructure
2.	Economic growth and development that leads to sustainable job creation
3.1	Fight poverty and build clean, healthy, safe and sustainable communities
3.2	Integrated Social Services for empowered and sustainable communities
4.	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5.1	Promote sound governance
5.2	Ensure financial sustainability
5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity (through Eskom)
 - Provide water (through District Municipality)
 - Provide sanitation (through District Municipality)
 - Provide solid waste removal
 - Provide housing (through Department of Human Settlements)
 - Provide roads and storm water
 - Provide municipality planning services; and
 - Maintaining the infrastructure of the municipality.

2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the City;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Extending waste removal services and ensuring effective municipality cleansing;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		1 721	6 637	2 755	4 478	6 438	6 438	6 438	7 137	7 522	7 929
less Revenue Foregone		668	3 044		286	645	645	645	715	753	794
Net Property Rates		1 053	3 594	2 755	4 193	5 794	5 794	5 794	6 423	6 769	7 135
Service charges - refuse revenue	6										
Total refuse removal revenue		572	451	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		572	451	1 012	1 004	1 485	1 485	1 485	1 568	1 652	1 742
Other Revenue by source											
Gain on valuation of post retirement medical benefit				272							
Fair value gain on fixed assets				629							
Other		460	1 323	279	590	590	590	590	623	656	692
Total 'Other' Revenue	1	460	1 323	1 180	590	590	590	590	623	656	692
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	10 870	12 183	15 198	17 687	17 134	17 134	17 134	24 738	26 222	27 795
Pension and UIF Contributions		2 251	2 975	3 519	4 015	3 927	3 927	3 927	5 136	5 445	5 771
Medical Aid Contributions		378	401	437	413	413	413	413	923	979	1 037
Overtime		255	522	1 252	1 157	1 157	1 157	1 157	1 119	1 187	1 258
Performance Bonus		547	646	848	1 533	1 487	1 487	1 487	2 122	2 249	2 384
Motor Vehicle Allowance		403	479	551	652	652	652	652	1 007	1 067	1 131
Cellphone Allowance		-	23	-	23	23	23	23	312	330	350
Housing Allowances		28	49	19	19	19	19	19	35	37	39
Other benefits and allowances		432	508	1 134	1 263	1 263	1 263	1 263	1 412	1 496	1 586
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	4										
sub-total	5	15 164	17 786	22 956	26 762	26 075	26 075	26 075	36 803	39 011	41 352
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	15 164	17 786	22 956	26 762	26 075	26 075	26 075	36 803	39 011	41 352
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		2 030	2 164	4 042	3 031	3 031	3 031	3 031	3 201	3 374	3 556
Lease amortisation			9	333	98	98	98	98	98	98	98
Capital asset impairment			1 006	-							
Depreciation resulting from revaluation of	10										
Total Depreciation & asset impairment	1	2 030	3 180	4 375	3 129	3 129	3 129	3 129	3 299	3 472	3 654
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	81	81	81	81	20 094	25 109	126
Total transfers and grants	1	-	-	-	81	81	81	81	20 094	25 109	126
Contracted services											
Security Services		1 526	1 692	1 914	1 777	1 777	1 777	1 777	1 877	1 978	2 085
Dump Site Maintenance		286	572	1 155	1 980	2 316	2 316	2 316	2 455	2 602	2 743
Internal Audit Services									1 267	1 336	1 408
sub-total	1	1 812	2 264	3 069	3 757	4 093	4 093	4 093	5 599	5 916	6 235
Total contracted services		1 812	2 264	3 069	3 757	4 093	4 093	4 093	5 599	5 916	6 235

Table 23 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions		167	4 192	1 147	-	-	-	-	-	-	-
Consultant fees		1 142	3 806	7 340	2 977	3 654	3 654	3 654	3 859	4 068	4 288
Audit fees		739	1 102	1 353	1 706	2 170	2 170	2 170	1 025	1 080	1 138
General expenses	3	920	6 039	12 751	19 917	23 716	23 716	23 716	16 545	18 445	20 230
Repairs and Maintenance		430	841	1 980	6 303	6 303	6 303	6 303	6 670	7 053	7 433
Other materials		638	190	-	-	-	-	-	-	-	-
HIV and Aids		-	175	1 814	-	-	-	-	1 056	1 200	1 300
Public Participation		-	476	928	-	-	-	-	1 584	1 670	1 760
Neighbourhood Development		-	563	-	-	-	-	-	-	-	-
LED Projects		-	-	-	-	-	-	-	2 112	223	2 346
Total 'Other' Expenditure	1	4 036	17 385	27 314	30 903	35 843	35 843	35 843	32 851	33 738	38 496

Table 24 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Revenue by	Vote 1 -	Vote 2 -	Vote 3 -	Vote 4 -	Vote 5 -	Vote 6 -	Vote 7 -	Vote 8 -	Total
R thousand	1	Vote	Governance	Financial	Corporate	Sport,	Economic	Transport	Safety and	Solid Waste	
R thousand											
Revenue By Source											-
Property rates			6 423								6 423
Property rates - penalties & collection charges			1 285								1 285
Service charges - refuse revenue			-						1 568		1 568
Service charges - other											-
Rental of facilities and equipment			162								162
Interest earned - external investments			661								661
Interest earned - outstanding debtors											-
Fines								81			81
Licences and permits							2 010	797			2 807
Transfers recognised - operational			75 799		496	21 000				50	97 345
Agency services											-
Other revenue			575		1	47					623
Gains on disposal of PPE		-	84 904	-	497	21 047	2 010	879	1 568	50	110 955
0											
Expenditure By Type											-
Employee related costs		2 933	5 844	7 293	3 597	3 969	1 538	5 207	6 169	254	36 803
Remuneration of councillors		9 134									9 134
Debt impairment			923								923
Depreciation & asset impairment			3 299								3 299
Finance charges			2 220								2 220
Bulk purchases											-
Other materials											-
Contracted services			1 267	1 877					2 455		5 599
Transfers and grants			8			20 000					20 008
Other expenditure		1 916	6 930	7 636	4 254	6 150	2 782	1 360	731	1 177	32 938
Total Expenditure		13 983	20 490	16 806	7 851	30 119	4 320	6 566	9 356	1 431	110 922
0											
Surplus/(Deficit)		(13 983)	64 414	(16 806)	(7 354)	(9 072)	(2 310)	(5 688)	(7 788)	(1 381)	32
Transfers recognised - capital							45 868				45 868
Contributions recognised - capital											-
Contributed assets		(13 983)	64 414	(16 806)	(7 354)	(9 072)	43 558	(5 688)	(7 788)	(1 381)	45 900

Table 25 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
Cash											
Call deposits < 90 days		577	550	584	617	1 210	1 210	1 210	1 871	2 567	3 301
Other current investments > 90 days											
Total Cash	2	577	550	584	617	1 210	1 210	1 210	1 871	2 567	3 301
Call investment deposits											
Call investment deposits		10 573	7 820	10 494	7 595	11 486	11 486	11 486	12 554	13 501	14 391
Less: Provision for debt impairment		(1 273)	(3 325)	(3 893)	(3 228)	(4 882)	(4 882)	(4 882)	(5 963)	(6 751)	(7 196)
Total Call investment deposits	2	9 301	4 496	6 601	4 367	6 604	6 604	6 604	6 591	6 751	7 196
Debt impairment provision											
Balance at the beginning of the year		4 192	1 273	3 325	2 958	4 612	4 612	4 612	4 882	5 963	6 751
Contributions to the provision		(2 919)	2 052	569	270	270	270	270	1 082	787	445
Bad debts written off											
Balance at end of year		1 273	3 325	3 893	3 228	4 882	4 882	4 882	5 963	6 751	7 196
Investment in Associate (PPE)											
PPE at cost/valuation (excl. finance leases)		41 267	63 726	96 546	161 111	167 125	167 125	167 125	254 293	291 786	322 681
Leases recognised as PPE		-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		5 935	8 081	11 024	13 189	14 055	14 055	14 055	18 182	22 625	27 068
Total Investment in Associate (PPE)	2	35 332	55 645	85 522	147 922	153 070	153 070	153 070	236 112	269 161	295 613
LIABILITIES											
LIABILITIES - Bank overdraft											
Short term loans (other than bank overdraft)		465	458	303	1 503	587	587	587	4 364	4 525	4 525
Current portion of long-term liabilities											
Total LIABILITIES - Bank overdraft		465	458	303	1 503	587	587	587	4 364	4 525	4 525
Consumer deposits											
Trade and other creditors		1 772	8 989	16 907	4 633	17 319	17 319	17 319	13 420	14 048	14 048
Unspent conditional transfers		11 054	4 308	3 244	3 574	-	-	-	-	-	-
VAT											
Total Consumer deposits	2	12 826	13 297	20 150	8 207	17 319	17 319	17 319	13 420	14 048	14 048
- Non current liabilities											
Borrowing	4	769	305	-	15 963	366	366	366	35 944	34 971	34 355
Finance leases (including PPP asset element)											
Total - Non current liabilities		769	305	-	15 963	366	366	366	35 944	34 971	34 355
Borrowing - non-current											
Retirement benefits			2 772	2 500	3 950	2 500	2 500	2 500	2 500	2 500	2 500
List other major provision items											
Refuse landfill site rehabilitation			3 617	1 753	4 838	3 041	3 041	3 041	3 041	3 041	3 041
Other		2 047									
Total Borrowing - non-current		2 047	6 389	4 253	8 788	5 541	5 541	5 541	5 541	5 541	5 541
CHANGES IN NET ASSETS											
COMMUNITY WEALTH/EQUITY											
COMMUNITY WEALTH/EQUITY - opening balance		(2 246)	17 750	45 139	102 233	86 174	86 174	86 174	148 105	194 610	232 646
GRAP adjustments			29 732								
Restated balance		(2 246)	47 482	45 139	102 233	86 174	86 174	86 174	148 105	194 610	232 646
0		-	-	-	-	-	-	-	-	-	-
Appropriations to Reserves		(4 092)	-	-	-	-	-	-	-	-	-
Transfers from Reserves											
Depreciation offsets											
Other adjustments		(12 350)									
Accumulated Surplus/(Deficit)	1	(18 687)	47 482	45 139	102 233	86 174	86 174	86 174	148 105	194 610	232 646
Reserves											
Housing Development Fund											
Capital replacement		12 538									
Self-insurance											
Other reserves		18 677									
Revaluation											
Total Reserves	2	31 215	-	-	-	-	-	-	-	-	-
Minorities' interests	2	12 527	47 482	45 139	102 233	86 174	86 174	86 174	148 105	194 610	232 646

Table 26 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Provide sound democratic and accountable governance; financial sustainability and optimal institutional transformation.	Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the organisational structure to optimise the use of personnel.	33 293	51 156	57 270	70 995	73 465	73 465	84 904	91 163	98 649
Provide quality basic services and infrastructure.	Waste removal; roads; town planning services and maintaining the assets and infrastructure of the town.	11 532	9 693	37 252	32 707	64 689	64 689	67 482	63 405	32 689
Foster participatory democracy and Batho Pele through caring, accessible and accountable service.	Optimising effective community participation in the ward committee system; and the implementation of Batho Pele in the revenue management strategy.	–	–	312	330	384	384	497	622	655
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities.	Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively.	1 189	1 201	770	3332	1 368	1 368	3 889	3 044	3 209
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.	–	30	41	30	50	50	50	50	50
Total Revenue (excluding capital transfers and contributions)		46 014	62 080	95 614	107 394	139 956	139 956	156 823	158 284	135 451

Table 27 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Provide sound democratic and accountable governance; financial sustainability and optimal institutional transformation.	Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the organisational structure to optimise the use of personnel.	22 840	37 771	51 499	46 555	47 944	47 944	50 735	53 195	56 963
Provide quality basic services and infrastructure.	Waste removal; roads; town planning services and maintaining the assets and infrastructure of the town.	7 491	11 978	15 674	12 983	14 517	14 517	36 648	42 639	18 652
Foster participatory democracy and Batho Pele through caring, accessible and accountable service.	Optimising effective community participation in the ward committee system; and the implementation of Batho Pele in the revenue management strategy.	251	767	1 197	7 214	6 419	6 419	8 382	9 443	10 684
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities.	Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively.	–	2 205	3 000	4 751	4 851	4 851	7 196	7 627	8 075
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.	–	–	-	5 735	6 985	6 985	7 962	8 410	10 030
		30 582	52 721	71 370	77 239	80 717	80 717	110 922	121 315	104 404

Table 28 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Provide sound democratic and accountable governance; financial sustainability and optimal institutional transformation.	Providing oversight over the administration of the municipality; reviewing financial reports and performance reports.	795	743	402	14 874	984	984	40 015	770	
Provide quality basic services and infrastructure.	Waste removal; roads; town planning services and maintaining the assets and infrastructure of the town.	11 520	9 681	32 716	33 711	66 070	66 070	46 376	36 998	30 895
Foster participatory democracy and Batho Pele through caring, accessible and accountable service.	Optimising effective community participation in the ward committee system; and the implementation of Batho Pele in the revenue management strategy.	-	18	-	-	-	-	945	-	-
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities.	Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively.	35	950	832	3 200	3 475	3 475	1 247	-	-
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.	-	-	-	50	50	-	-	-	-
		12 350	11 392	33 967	51 834	70 579	70 579	88 583	37 768	30 895

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has for the first time developed and implemented a performance management system. The Municipality targets,

monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:

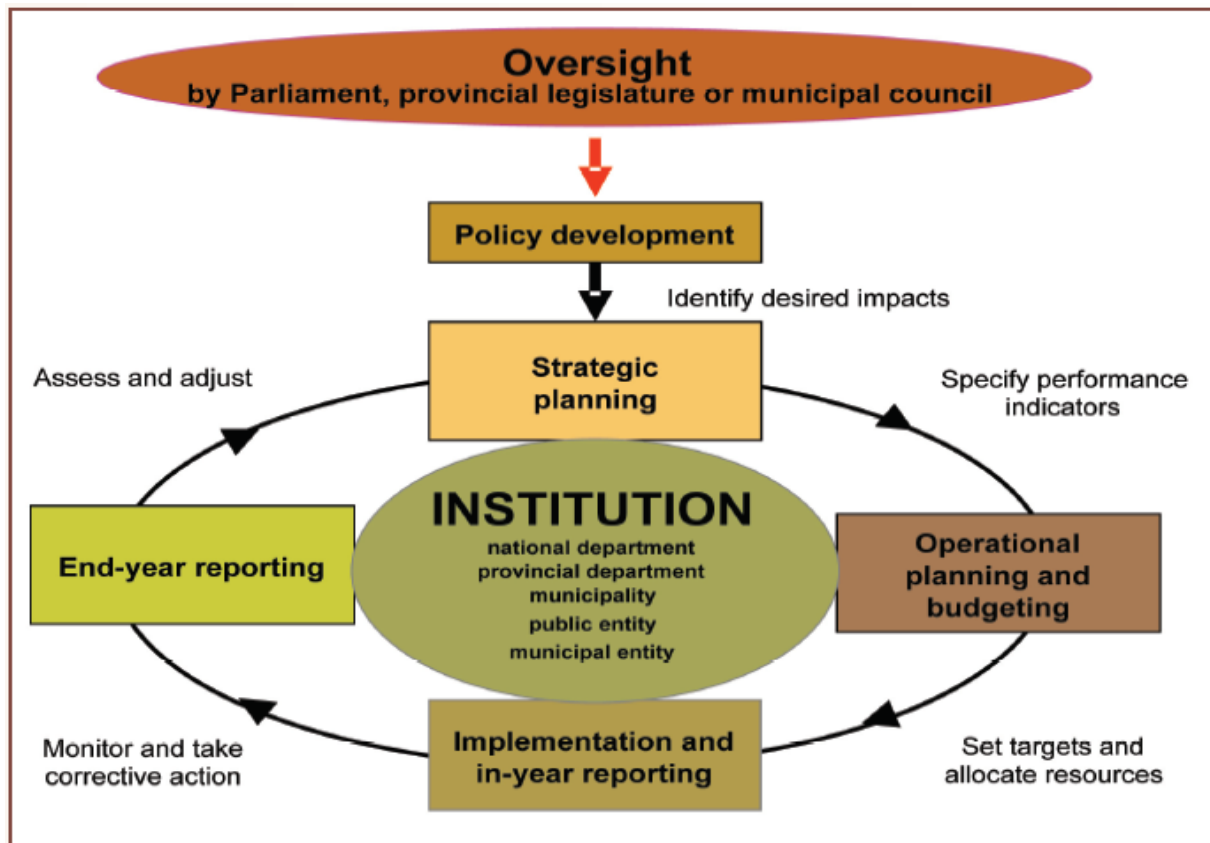


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and

- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

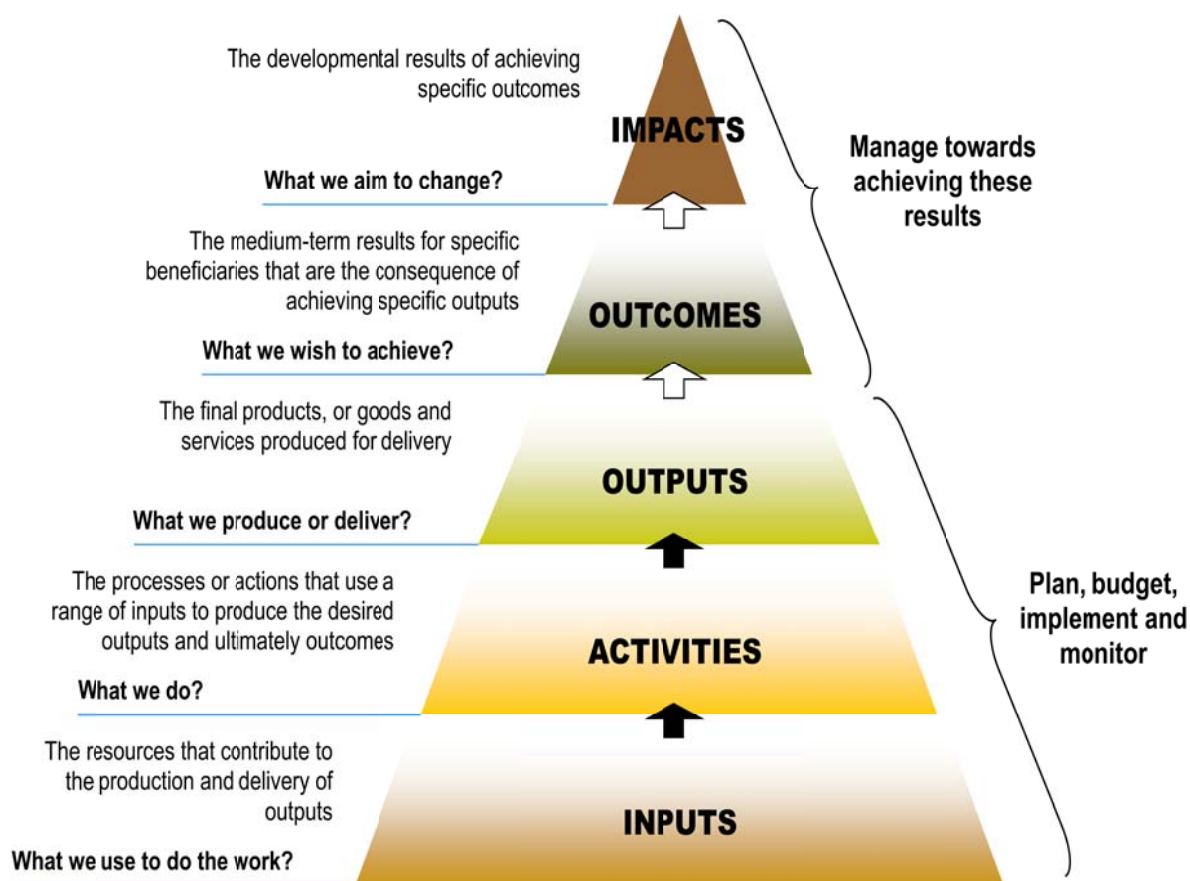


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 29 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measure	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget	Budget	Budget
Vote - Environmental										
Function: Waste Management										
Sub-function - Solid Waste										
Access to refuse removal	Number	35 450	35 450	35 450	35 450	35 450	35 450	36 160	36 160	36 160
Vote - Environmental										
Function: Waste Management										
Sub-function - Solid Waste										
Extension/New landfill site	Number	1	1	1	1	1	1	1	1	1
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Roads										
Road resurfacing/upgrading				1	1	1	1	1	-	-
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Roads										
Provision of new access roads	Number			-	-	-	-	-	-	-
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Roads										
Provision of new tax rank	Number				1	1	1	1	-	-
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Roads								6	-	-
Provision of new bypass road	Kms									
Vote - Transport and Roads										
Function - Roads and Storm										
Sub -function - Vehicle Test										
Provision of new vehicle test	Number				1	1	1	1	-	-
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community					6	6	6	6	5	5
Provision of new creches	Number									
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community										
Provision of community halls	Number				9	9	9	4	5	4
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community										
Provision of sportsfields	Number				8	8	8	5	7	4
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community										
Provision of roads	Number				7	7	7	9	9	10

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

Table 30 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating	Interest & Principal Paid /Operating Expenditure	1.8%	1.8%	1.0%	5.0%	0.8%	0.8%	0.8%	5.9%	6.8%	8.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own	18.2%	13.7%	10.6%	39.8%	6.2%	6.2%	6.2%	48.4%	57.4%	55.8%
Borrowed funding of 'own' capital	Borrowing/Capital expenditure excl. transfers and	52.2%	845.0%	0.0%	77.4%	22.0%	22.0%	22.0%	93.6%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.7	1.6	0.4	1.9	0.9	0.9	0.9	0.9	1.1	1.4
Current Ratio adjusted for aged	Current assets less debtors > 90 days/current	0.7	1.6	0.4	1.9	0.9	0.9	0.9	0.9	1.1	1.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.7	0.0	1.1	0.4	0.4	0.4	0.5	0.7	0.9
<u>Revenue Management</u>											
Annual Debtors Collection Rate	Last 12 Mths Receipts/Last 12 Mths Billing		199.1%	42.9%	44.7%	121.4%	84.3%	84.3%	84.3%	91.8%	93.1%
Current Debtors Collection Rate			213.1%	43.7%	44.4%	121.0%	84.3%	84.3%	84.3%	91.8%	93.1%
Outstanding Debtors to Revenue	T total Outstanding Debtors to Annual Revenue	27.0%	24.1%	14.4%	10.2%	11.1%	11.1%	11.1%	7.7%	7.1%	8.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's										
Creditors to Cash and Investments		-298.0%	95.3%	2120.0%	42.4%	224.9%	224.9%	224.9%	161.5%	111.6%	81.3%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less										
Water Distribution Losses (2)	% Volume (units purchased and own source less										
Employee costs	Employee costs/(T total Revenue - capital revenue)	44.0%	35.2%	38.7%	35.3%	34.0%	34.0%	34.0%	33.2%	32.1%	39.5%
Remuneration	T total remuneration/(T total Revenue - capital	63.1%	51.1%	51.1%	50.1%	48.5%	48.2%		41.4%	40.1%	49.4%
Repairs & Maintenance	R&M/(T total Revenue excluding capital revenue)	1.2%	1.7%	8.2%	8.3%	8.2%	8.2%		5.3%	5.1%	6.3%
Finance charges & Depreciation	FC&D/(T total Revenue - capital revenue)	5.9%	7.2%	7.8%	5.7%	4.2%	4.2%	4.2%	5.0%	5.9%	7.2%
<u>IDP regulation financial viability</u>											
i. Debt coverage	(T total Operating Revenue - Operating Grants)/Debt	2.7	9.2	2.1	8.0	8.0	8.0	2.1	2.6	2.7	2.9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue	471.5%	251.6%	188.5%	135.6%	98.6%	98.6%	98.6%	90.2%	87.2%	87.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed	(0.3)	2.9	0.2	2.5	1.7	1.7	1.7	1.6	2.2	2.8

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependant on its creditworthiness and financial position. As with all other municipalities, the Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. Currently the Municipality has two long term loan arrangement one of which is reached its maturity in February 2012. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 9.5 per cent to 4.8 per cent in 2013/14, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 59% in 2012/13 to 81% in 2014/15. This increase is attributed to the increase in the long term indebtedness arising from the acquisition of office accommodation. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 2% in 2012/13 and increase to 3.7% per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality could be exposed to financial risk.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. This ratio shows 48.4% in 2012/13 and increase to 57.4% in 2014/15 clearly reflects the level of the municipality's assets funded from borrowed funds.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. It can be seen that the mainly funded from own resources.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2012/13 and 2014/15 the gearing ratio has been decreasing. This was primarily a result of funding of capital expenditure from capital grants. Over the MTREF the gearing has almost reached zero. Over the 2012/13 MTREF the ratio again has reached zero per cent which clearly indicates that the Municipality has not completely reached its borrowing limit.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is .9 in the 2012/13 financial year and 1.4 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was .9 and increased to 1.4 in the 2014/15 financial year.

2.3.1.4 Revenue Management

- As can be seen the collection of receivables by the municipality is not at an acceptable level. As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The fruits of this strategy will be clearly reflected in the 2012/13 financial reports.

2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue remain constant over the MTREF. This clearly shows that the municipality has not looked into other avenues in order to increase its revenue base.
- Repairs and maintenance as a percentage of operating revenue is negligible

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered

indigents qualify for the free basic services. The Municipality is in the process of updating its Indigent Register.

For the 2011/12 financial year 66 500 registered indigents have been provided for in the budget with this figured increasing to 184 900 by 2013/14. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity and free waste removal as well as a discount on their property rates in terms of the Property Rates Policy.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 21 MBRR A10 (Basic Service Delivery Measurement) on page 38.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and the following related policies:

- Credit control and debt collection procedures/policies;
- Asset Management, Infrastructure Investment and Funding Policy;
- Tariff Policies;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy

2.5 Overview of budget assumptions

2.5.1 External factors

The economic slowdown has resulted in the financial resources being limited due to reduced payment levels by consumers. As a result the cash inflows have declined which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 33.2% total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. In the 2012/13 MTREF it has been assumed that all borrowings are undertaken using fixed prime interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection rate for revenue services

The base assumption is that tariff will increase at a rate of inflation provided by National Treasury in Circular 58. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (40 per cent) of annual billings. Cash flow is assumed to be 40 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. The 40 per cent collection rate relates to the recoveries from the business community and the government. The collections from the residents is negligible due to the high rate of unemployment.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate and real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2011 and it has been assumed that it shall remain in force until 30 June 2014. Therefore, the wage bill over the MTREF has been increased at a constant rate of 6.08 per cent. It should be noted that the increase in 2012/13 does not translate to 6.08 per cent due to the anticipated increase in the number of personnel required to fill the critical vacant posts. However, the basic salaries have been increased by 6.08 per cent in the two outer years of the MTREF.

2.5.7 Remuneration of Councillors

It has been assumed that the number of Councillors will remain 42 in 2012/13. And that only the Speaker will be remunerated at upper limits applicable to full-time councillors.

The remuneration of Councillors has been budgeted for based at the upper limits for a Grade 2 municipality gazetted by the Minister of Cooperative Governance and Traditional Affairs (Cogta) in December 2011 and increased by 6.08% in terms of the National Treasury Circular No. 58.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100% cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

2.5.10 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

Table 31 Sources of capital revenue over the MTREF

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure & funds sources										
Capital expenditure	12 350	11 392	35 884	51 834	70 579	70 579	70 579	88 583	37 768	30 895
Transfers recognised - capital	11 520	9 681	32 049	32 165	63 160	63 160	63 160	45 868	36 703	30 895
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	17 800	1 159	1 159	1 159	40 000	-	-
Internally generated funds	830	1 711	1 918	1 870	6 260	6 260	6 260	2 715	1 065	-
Total sources of capital funds	12 350	11 392	33 967	51 834	70 579	70 579	70 579	88 583	37 768	30 895

Capital grants and receipts equates to 51.8% of the total funding source which represents R45,868 million for the 2012/13 financial year. In 2012/13 borrowings equate 45.2% whilst own funds equate 3%. It is envisaged that the municipality will not raise any external loans in the two outer years of the MTREF.

Table 32 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Census	188 996	198 444	244 501	188 996	198 444	259 888	267 513	267 513	267 513	267 513
Females aged 5 - 14		Census	29 704	32 201	37 451	29 704	32 201	42 151	43 416	43 416	43 416	43 416
Males aged 5 - 14		Census	29 856	32 546	36 416	29 856	32 546	40 987	42 216	42 216	42 216	42 216
Females aged 15 - 34		Census	36 086	35 831	45 177	36 086	35 831	50 847	52 373	52 373	52 373	52 373
Males aged 15 - 34		Census	26 056	27 848	38 249	26 056	27 848	43 050	44 341	44 341	44 341	44 341
Unemployment		Census	20 113	18 069	29 563	20 113	18 069	33 273	34 272	34 272	34 272	34 272
Monthly household income (no. of	1, 12											
No income		Census			93 499	93 499	93 499	93 499	94 433	94 510	94 510	94 510
R1 - R1 600		Census			20 425	20 425	20 425	20 425	20 630	20 700	20 700	20 700
R1 601 - R3 200		Census			1 806	1 806	1 806	1 806	1 825	1 880	1 880	1 880
R3 201 - R6 400		Census			1 808	1 808	1 808	1 808	1 826	1 875	1 575	1 575
R6 401 - R12 800		Census			2 013	2 013	2 013	2 013	2 033	2 040	2 040	2 040
R12 801 - R25 600		Census			58	58	58	58	59	62	62	62
R25 601 - R51 200		Census			-	-	-	-	12	15	18	20
R52 201 - R102 400		Census			168	168	168	168	170	175	180	185
R102 401 - R204 800		Census			129	129	129	129	130	135	140	145
R204 801 - R409 600		Census			-	-	-	-	35	35	35	35
R409 601 - R819 200		Census			-	-	-	-	-	-	-	-
> R819 200		Census			-	-	-	-	-	-	-	-
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area		Census	2 276	2 344	3 824	3 925	3 953	3 998	4 009	4.009	4.009	4 009
Number of poor people in municipal area		Census	2 048	2 110	3 441	3 532	3 557	3 638	3 728	3.728	3.728	3 728
Number of households in municipal area		Census	367	378	562	-	-	-	-	-	-	-
Number of poor households in municipal		Census	338	398	506	548	552	570	587	0.587	0.587	587
Definition of poor household (R per month)		Census	-	-	-	-	1 100	1 200	1 250	1.250	1.250	1 250
Housing statistics	3											
Formal		Census	7 332	11 786	7 941	8 179	8 425	8 677	8 938	8 938	8 938	8 938
Informal		Census	552	374	494	509	524	540	556	556	556	556
Total number of households			7 884	12 160	8 435	8 688	8 949	9 217	9 494	9 494	9 494	9 494
Dwellings provided by municipality	4	Census	-	-	-	4 500	4 500	4 500	4 500	4 500	4 500	4 500
Dwellings provided by province/s		Census	-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector	5	Census	-	-	-	-	-	-	-	-	-	-
Total new housing dwellings			-	-	-	4 500	4 500	4 500	4 500	4 500	4 500	4 500
Economic	6											
Inflation/inflation outlook (CPIX)						5.4%	6.3%	4.2%	4.8%	4.8%	4.8%	4.8%
Interest rate - borrowing						10.5%	10.5%	8.5%	10.0%	10.0%	10.0%	10.0%
Interest rate - investment						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Remuneration increases						13.0%	8.4%	8.4%	6.1%	6.1%	6.1%	6.1%
Consumption growth (electricity)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collection rates	7											
Property tax/service charges						30.0%	30.0%	7.0%	4.8%	4.8%	4.8%	4.8%
Rental of facilities & equipment						30.0%	30.0%	7.0%	4.8%	4.8%	4.8%	4.8%
Interest - external investments						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Interest - debtors						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue from agency services						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 33 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue		
			Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget	Budget	Budget
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(595)	9 434	797	10 923	7 701	7 701	7 701	8 311	12 590	17 289
Cash + investments at the yr end less applications - R'000	18(1)b	2	6 399	1 460	(15 566)	12 092	(2 429)	(2 429)	(2 429)	2 701	6 612	11 794
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.3)	2.9	0.2	2.5	1.7	1.7	1.7	1.6	2.2	2.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	15 432	9 359	24 244	30 662	59 747	59 747	59 747	45 900	36 969	31 047
Service charge rev% change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	125.0%	(6.8%)	16.7%	47.2%	(6.0%)	(6.0%)	3.2%	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	213.1%	43.7%	44.4%	121.0%	84.3%	84.3%	84.3%	91.8%	93.1%	93.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	47.5%	73.6%	132.5%	4.7%	3.1%	3.1%	3.1%	9.8%	6.8%	3.5%
Capital payments % of capital expenditure	18(1)c;19	8	106.1%	100.0%	100.9%	92.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	52.2%	845.0%	0.0%	77.4%	22.0%	22.0%	22.0%	93.6%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	30.4%	(29.8%)	(9.4%)	10.4%	0.0%	0.0%	(0.2%)	1.9%	5.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(w)	13	1.2%	1.5%	5.7%	4.3%	4.1%	4.1%	3.8%	2.5%	2.3%	2.2%
Asset renewal % of capital budget	20(1)(w)	14	0.0%	0.0%	0.0%	3.2%	2.3%	2.3%	0.0%	45.6%	1.4%	0.0%

2.5.10.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2011/12 MTREF shows R10,9 million, R20,9 million and R23,9 million for each respective financial year.

2.5.10.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 19 on page 27. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.5.10.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. The ratio has improved steadily from 4.0 in 2009/10 to 6.0 in 2013/14. This measure will have to be carefully monitored going forward.

2.5.10.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R30,6 million, R71,5 million and R42,2 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.5.10.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals is zero per cent over the MTREF, meaning that the increase in revenue is within the national inflation targets. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.5.10.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95.2, 95.3 and 95.6 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.10.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 4.7, 4.0 and 3.6 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.5.10.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that in 2011/12 8 per cent timing discount has been factored into the cash position and decreased to 2 per cent in

2013/14. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

2.5.10.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 77.4, 150.5 and 108.5 per cent of own funded capital.

2.5.10.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for 90% of all capital transfers.

2.5.10.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively negative trend in line with the Municipality's policy of settling debtors accounts within 30 days.

2.5.10.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

2.5.10.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 46 MBRR SA34b on page 72.

Table 34 MBRR SA11 – Property Rates Summary

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Valuation:	1									
Date of valuation:		29/08/2002	29/08/2002	02/07/2008	02/07/2008					
Financial year valuation used				2 009	2009					
Municipal by-laws s6 in place? (Y/N)	2			Yes	Yes					
Municipal/assistant valuer appointed? (Y/N)										
Municipal partnership s38 used? (Y/N)										
No. of assistant valuers (FTE)	3			None	None	None	None	None	None	None
No. of data collectors (FTE)	3			None	None	None	None	None	None	None
No. of internal valuers (FTE)	3			None	None	None	None	None	None	None
No. of external valuers (FTE)	3			None	None	None	None	None	None	None
No. of additional valuers (FTE)	4			None	None	None	None	None	None	None
Valuation appeal board established? (Y/N)										
Implementation time of new valuation roll (mths)								12		
No. of properties	5	479	479	479	479	479	479	531	531	531
No. of sectional title values	5	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-
No. of supplementary valuations					1	1	1	-	-	1
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-
No. of objections by rate payers		6	6	6	6	6	6	-	-	-
No. of appeals by rate payers		-	-	-	-	-	-	-	-	-
No. of successful objections	8	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	8	-	-	-	-	-	-	-	-	-
Supplementary valuation				1						
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)										
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
Total valuation reductions:		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5	711	711	711	711	711	711			
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5	741	741	741	741	741	741			
Rating:										
Residential rate used to determine rate for other categories? (Y/N)										
Differential rates used? (Y/N)	5									
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Fixed amount minimum value (R'000)		15	15	15	15			15		
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R'000)	6	1 721	6 637	4 706	4 478	6 438	6 438	7 137	7 522	7 929
Rate revenue expected to collect (R'000)	6	1 053	3 594	2 755	4 193	5 794	5 794	6 423	6 769	7 135
Expected cash collection rate (%)		62.0%	54.0%	59.0%	94.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)		-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)		-	-	-	-	-	-	-	-	-
Rebates, exemptions - bona fide farm. (R'000)		-	-	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)		668	3 044	1 950	286	645	645	715	753	794
Phase-in reductions/discounts (R'000)										
Total rebates, exemptns, reductns, discs (R'000)		668	3 044	1 950	286	645	645	715	753	794

Table 35 MBRR SA12(a) – Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns
Current Year 2011/12									
Valuation:									
No. of properties		439	–	32	5	3			
No. of sectional title property values		–	–	–	–	–			
No. of unreasonably difficult properties s7(2)		–	–	–	–	–			
No. of supplementary valuations		1	–	1	1	1			
Supplementary valuation (Rm)		198	–	84	398	84			
No. of valuation roll amendments		–	–	–	–	–			
No. of objections by rate-payers		–	–	–	–	–			
No. of appeals by rate-payers		–	–	–	–	–			
No. of appeals by rate-payers finalised		–	–	–	–	–			
No. of successful objections	5	–	–	–	–	–			
No. of successful objections > 10%	5	–	–	–	–	–			
Estimated no. of properties not valued		–	–	–	–	–			
Years since last valuation (select)		2	–	2	2	2			
Frequency of valuation (select)		5	–	5	5	5			
Method of valuation used (select)		Market	–	Market	Market	Market			
Base of valuation (select)		Land & impr	–	Land & impr	Land & impr	Land & impr			
Phasing-in properties s21 (number)			–						
Combination of rating types used? (Y/N)		No	–	No	No	No			
Flat rate used? (Y/N)		No	–	No	No	No			
Is balance rated by uniform rate/variable rate?									
Valuation reductions:									
Valuation reductions-public infrastructure (Rm)									
Valuation reductions-nature reserves/park (Rm)									
Valuation reductions-mineral rights (Rm)									
Valuation reductions-R15,000 threshold (Rm)									
Valuation reductions-public worship (Rm)									
Valuation reductions-other (Rm)	2								
Total valuation reductions:									
Total value used for rating (Rm)	6								
Total land value (Rm)	6								
Total value of improvements (Rm)	6								
Total market value (Rm)	6	198	–	84	398	84			
Rating:									
Average rate	3								
Rate revenue budget (R '000)									
Rate revenue expected to collect (R'000)									
Expected cash collection rate (%)	4								
Special rating areas (R'000)									
Rebates, exemptions - indigent (R'000)									
Rebates, exemptions - pensioners (R'000)									
Rebates, exemptions - bona fide farm. (R'000)									
Rebates, exemptions - other (R'000)									
Phase-in reductions/discouts (R'000)									
Total rebates, exemptns, reductns, discs (R'000)									

Table 36 MBRR SA12(b) – Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns
Budget Year 2012/13									
Valuation:									
No. of properties		439	–	32	5	3			
No. of sectional title property values		–	–	–	–	–			
No. of unreasonably difficult properties s7(2)		–	–	–	–	–			
No. of supplementary valuations		1	–	1	1	1			
Supplementary valuation (Rm)		198	–	84	398	84			
No. of valuation roll amendments		–	–	–	–	–			
No. of objections by rate-payers		–	–	–	–	–			
No. of appeals by rate-payers		–	–	–	–	–			
No. of appeals by rate-payers finalised		–	–	–	–	–			
No. of successful objections	5	–	–	–	–	–			
No. of successful objections > 10%	5	–	–	–	–	–			
Estimated no. of properties not valued		–	–	–	–	–			
Years since last valuation (select)		2	–	2	2	2			
Frequency of valuation (select)		5	–	5	5	5			
Method of valuation used (select)		Market	–	Market	Market	Market			
Base of valuation (select)		Land & impr	–	Land & impr	Land & impr	Land & impr			
Phasing-in properties s21 (number)			–						
Combination of rating types used? (Y/N)		No	–	No	No	No			
Flat rate used? (Y/N)		No	–	No	No	No			
Is balance rated by uniform rate/variable rate?									
Valuation reductions:									
Valuation reductions-public infrastructure (Rm)									
Valuation reductions-nature reserves/park (Rm)									
Valuation reductions-mineral rights (Rm)									
Valuation reductions-R15,000 threshold (Rm)									
Valuation reductions-public worship (Rm)									
Valuation reductions-other (Rm)	2								
Total valuation reductions:									
Total value used for rating (Rm)	6								
Total land value (Rm)	6								
Total value of improvements (Rm)	6								
Total market value (Rm)	6	198	–	84	398	84			
Rating:									
Average rate	3								
Rate revenue budget (R '000)									
Rate revenue expected to collect (R'000)									
Expected cash collection rate (%)	4								
Special rating areas (R'000)									
Rebates, exemptions - indigent (R'000)									
Rebates, exemptions - pensioners (R'000)									
Rebates, exemptions - bona fide farm. (R'000)									
Rebates, exemptions - other (R'000)									
Phase-in reductions/discounts (R'000)									
Total rebates, exemptns, reductns, discs (R'000)									

Table 37 MBRR SA15 – Investment particulars by type

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<u>Parent municipality</u>										
Deposits - Bank		577	550	584	617	1 210	1 210	1 871	2 567	3 301
Municipality sub-total	1	577	550	584	617	1 210	1 210	1 871	2 567	3 301

Table 38 MBRR SA16 – Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
		Yrs/Months								Rand thousand	
Name of institution & investment ID	1										
<u>Parent municipality</u>											
First National Bank		3 Months	Call Account	1 Day	Variable	Ruling Rate	0	0	30 June 2012	1 871	73
Municipality sub-total										1 871	73

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 39 MBRR Table SA 17 - Detail of borrowings

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Borrowing	769	305	–	15 963	366	366	366	35 944	34 971	34 355
Total Borrowings	769	305	–	15 963	366	366	366	35 944	34 971	34 355

Table 40 MBRR Table SA 18 - Transfers and grant receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		30 129	41 909	51 659	65 667	65 667	65 667	95 301	105 066	87 034
Local Government Equitable Share		28 874	40 424	49 419	62 891	62 891	62 891	72 001	77 416	84 334
Finance Management		500	750	1 450	1 450	1 450	1 450	1 500	1 750	1 750
Municipal Systems Improvement		755	735	790	790	790	790	800	900	950
Integrated National Electrification Programme								20 000	25 000	-
EPWP Incentive		-	-	-	536	536	536	1 000	-	-
Provincial Government:		240	200	532	329	383	383	1 994	2 120	2 353
Provincialisation of Libraries		-	-	332	329	383	383	245	514	542
Municipal Assistance Programme		240	200	200	-	-	-	-	-	-
Community Library Services		-	-	-	-	-	-	101	106	111
Infrastructure								150	-	-
Property Rates		-	-	-	-	-	-	1 498	1 500	1 500
IDP Assistance		-	-	-	-	-	-	-	-	200
District Municipality:		30	30	80	50	50	50	50	50	50
Tourism		30	30	80	50	50	50	50	50	50
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	30 399	42 139	52 271	66 046	66 100	66 100	97 345	107 236	89 437
Capital Transfers and Grants										
National Government:		11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
Municipal Infrastructure Grant (MIG)		11 715	14 989	17 351	20 868	22 660	22 660	25 314	26 703	28 247
Neighbourhood Development Partnership		-	-	15 000	10 000	40 500	40 500	20 554	10 000	2 648
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Tourism										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
TOTAL RECEIPTS OF TRANSFERS & GRANTS		42 114	57 128	84 622	96 914	129 260	129 260	143 213	143 939	120 332

Table 41 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
Operating Transfers and Grants		30 129	41 909	51 659	65 667	65 667	65 667	95 301	105 066	87 034
National Government:		28 874	40 424	49 419	62 891	62 891	62 891	72 001	77 416	84 334
Local Government Equitable Share		500	750	1 450	1 450	1 450	1 450	1 500	1 750	1 750
Finance Management		755	735	790	790	790	790	800	900	950
Municipal Systems Improvement								20 000	25 000	-
Integrated National Electrification Programme		-	-	-	536	536	536	1 000	-	-
EPWP Incentive		240	200	532	329	383	383	1 994	2 120	2 353
Provincial Government:		-	-	332	329	383	383	245	514	542
Provincialisation of Libraries		240	200	200	-	-	-	-	-	-
Municipal Assistance Programme		-	-	-	-	-	-	101	106	111
Infrastructure		-	-	-	-	-	-	150	-	-
Infrastructure		-	-	-	-	-	-	1 498	1 500	1 500
Property Rates		-	-	-	-	-	-	-	-	200
IDP Assistance		30	30	30	50	50	50	50	50	50
<i>District Municipality:</i>		30	30	30	50	50	50	50	50	50
<i>Other grant providers:</i>		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		30 399	42 139	52 221	66 046	66 100	66 100	97 345	107 236	89 437
Capital expenditure of Transfers and Grants										
Capital Transfers and Grants		11 715	14 989	32 351	30 868	63 160	63 160	45 868	36 703	30 895
National Government:										
Municipal Infrastructure Grant (MIG)		11 715	14 989	17 351	20 868	22 660	22 660	25 314	26 703	28 247
Neighbourhood Development Partnership		-	-	15 000	10 000	40 500	40 500	20 554	10 000	2 648
TOTAL EXPENDITURE OF TRANSFERS AND GRANT		42 114	57 128	84 572	96 914	129 260	129 260	143 213	143 939	120 332

Table 42 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Operating transfers and grants:	1,3									
Local Government Equitable Share										
Balance unspent at beginning of the year		1 688	–	815	–	–	–	–	–	–
Current year receipts		28 593	42 021	52 575	65 667	65 667	65 667	95 301	105 066	87 034
Conditions met - transferred to revenue		27 955	42 021	52 162	65 667	65 667	65 667	95 301	105 066	87 034
Conditions still to be met - transferred to liabilities		2 326	–	1 228	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		6 291	1 581	–	–	–	–	–	–	–
Current year receipts		1 110	200	383	329	383	383	1 994	2 120	2 353
Conditions met - transferred to revenue		3 494	1 581	383	329	383	383	1 994	2 120	2 353
Conditions still to be met - transferred to liabilities		3 907	200	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		59	59	–	–	–	–	–	–	–
Current year receipts		–	30	30	30	50	50	50	50	50
Conditions met - transferred to revenue		–	89	30	30	50	50	50	50	50
Conditions still to be met - transferred to liabilities		59	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total operating transfers and grants revenue		31 449	43 691	52 575	66 026	66 100	66 100	97 345	107 236	89 437
Total operating transfers and grants - CTBM	2	6 292	200	1 228	–	–	–	–	–	–
Capital transfers and grants:	1,3									
Local Government Equitable Share										
Balance unspent at beginning of the year		5 412	5 412	5 713	4 871	–	–	–	–	–
Current year receipts		11 520	7 761	28 351	30 868	63 160	63 160	45 868	36 703	30 895
Conditions met - transferred to revenue		11 520	9 681	32 049	32 165	63 160	63 160	45 868	36 703	30 895
Conditions still to be met - transferred to liabilities		5 412	3 493	2 016	3 574	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue		11 520	9 681	32 049	32 165	63 160	63 160	45 868	36 703	30 895
Total capital transfers and grants - CTBM	2	5 412	3 493	2 016	3 574	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		42 969	53 371	84 623	98 191	129 260	129 260	143 213	143 939	120 332
TOTAL TRANSFERS AND GRANTS - CTBM		11 704	3 693	3 244	3 574	–	–	–	–	–

Table 43 MBRR SA 21 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Cash Transfers to other municipalities											
Insert description	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
Insert description	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
Insert description	4										
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals											
Insert description	5										
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other municipalities											
Insert description	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State											
Insert description	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
Insert description	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
Free Basic Electricity	5				81	81	81	81	94	109	126
National Electricity Programme									20 000	25 000	-
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	81	81	81	81	20 094	25 109	126
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	81	81	81	81	20 094	25 109	126
TOTAL TRANSFERS AND GRANTS	6	-	-	-	81	81	81	81	20 094	25 109	126

2.6 Councillor and employee benefits

Table 44 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3 844	5 644	4 781	6 258	6 258	6 258	4 942	5 238	5 553
Pension and UIF Contributions		352	682	583	939	939	939	741	786	833
Medical Aid Contributions		657	193	167	770	770	770	769	815	864
Motor Vehicle Allowance		1 365	1 179	1 463	2 655	2 655	2 655	2 151	2 280	2 417
Cellphone Allowance		385	390	396	525	525	525	531	562	596
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		6 603	8 087	7 390	11 147	11 147	11 147	9 134	9 682	10 263
% increase	4		22.5%	(8.6%)	50.8%	-	-	(18.1%)	6.0%	6.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		3 093	2 315	2 639	3 717	3 717	3 717	4 172	4 423	4 688
Pension and UIF Contributions		660	543	585	914	914	914	611	648	687
Medical Aid Contributions		83	34	33	126	126	126	85	90	95
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	507	507	316	348	369	391
Motor Vehicle Allowance	3	380	284	342	413	413	413	374	396	420
Cellphone Allowance	3	27	7	23	277	277	277	312	330	350
Housing Allowances	3	33	65	7	-	-	-	17	18	20
Other benefits and allowances	3	287	268	206	39	39	39	443	470	498
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		4 563	3 516	3 835	5 993	5 993	5 803	6 362	6 744	7 149
			(23.0%)	9.1%	56.3%	-	(3.2%)	9.6%	6.0%	6.0%
Other Municipal Staff										
Basic Salaries and Wages		7 500	10 144	12 559	13 970	13 418	13 418	20 565	21 799	23 107
Pension and UIF Contributions		1 498	1 667	2 790	2 930	2 847	2 847	4 525	4 797	5 084
Medical Aid Contributions		295	367	404	288	288	288	839	889	942
Overtime		255	522	1 252	239	239	239	1 119	1 187	1 258
Performance Bonus		515	581	848	-	-	-	1 774	1 881	1 993
Motor Vehicle Allowance	3	432	570	209	19	19	19	633	670	711
Cellphone Allowance	3	23	3	-	1 157	1 157	1 157			
Housing Allowances	3	-	42	8	1 026	980	980	17	18	20
Other benefits and allowances	3	83	375	1 051	1 141	1 135	1 135	968	1 027	1 088
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		10 600	14 270	19 121	20 768	20 082	20 082	30 441	32 267	34 203
			34.6%	34.0%	8.6%	(3.3%)	-	51.6%	6.0%	6.0%
Total Parent Municipality		21 766	25 873	30 346	37 908	37 222	37 031	45 937	48 693	51 615
			18.9%	17.3%	24.9%	(1.8%)	(0.5%)	24.0%	6.0%	6.0%

Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	301 281	63 509	141 567			506 357
Chief Whip		–						–
Executive Mayor		1	201 917	48 605	95 960			346 482
Deputy Executive Mayor		1	158 348	42 069	79 259			279 676
Executive Committee		6	884 736	242 611	450 500			1 577 847
Total for all other councillors		33	3 395 585	1 113 792	1 914 071			6 423 448
Total Councillors	8	42	4 941 867	1 510 586	2 681 357			9 133 810
Senior Managers of the Municipality	5							
Municipal Manager (MM)			722 089	195 545	134 311	60 174		1 112 119
Chief Finance Officer			575 046	9 693	288 858	47 920		921 517
Corporate Services Manager			575 046	9 693	233 043	47 920		865 702
Community Services Manager			575 046	134 387	108 349	47 920		865 702
Planning and Development Manager			575 046	134 387	108 349	47 920		865 702
Technical Services Manager			575 046	134 387	108 349	47 920		865 702
Protection Services Manager			575 046	134 387	108 349	47 920		865 702
Total Senior Managers of the Municipality	8	–	4 172 365	752 479	1 089 608	347 694		6 362 146
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		42	9 114 232	2 263 065	3 770 965	347 694	–	15 495 956

Table 46 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2010/11			Current Year 2011/12			Budget Year 2012/13		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	38		37	42		42	42		42
Municipal employees									
Municipal Manager and Senior Managers	7	7		7	7		7	7	
Other Managers	3	3		3	3		3	3	
Professionals	–	–	–	–	–	–	–	–	–
<i>Finance</i>									
<i>Spatial/town planning</i>									
<i>Information Technology</i>									
<i>Roads</i>									
<i>Refuse</i>									
<i>Other</i>									
Technicians	26	21	5	32	27	5	32	27	5
<i>Finance</i>				6	5		6	6	
<i>Spatial/town planning</i>	2	2		2	2		2	2	
<i>Information Technology</i>				1			1		
<i>Roads</i>									
<i>Refuse</i>									
<i>Other</i>	24	19	5	23	20	5	23	20	5
Clerks (Clerical and administrative)	18	18		25	25		25	25	
Service and sales workers	47	44		54	54		54	54	
Elementary Occupations	71	68	3	75	70	5	75	70	5
TOTAL PERSONNEL NUMBERS	210	161	45	239	186	52	239	186	52
% increase	1.4%	(1.8%)	7.1%	13.8%	15.5%	15.6%	13.8%	15.5%	15.6%
Total municipal employees headcount									
Finance personnel headcount	18	13	5	20	15	5	20	15	5
Human Resources personnel headcount	3	3		3	3		3	3	

2.7 Monthly targets for revenue, expenditure and cash flow

Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand																
Property rates - penalties & collection charges																
Service charges - electricity revenue		533	533	533	533	533	533	533	533	533	533	533	(5 865)	-	-	-
Service charges - water revenue		107	107	107	107	107	107	107	107	107	107	107	(1 178)	-	-	-
Service charges - sanitation revenue													-	-	-	-
Service charges - refuse revenue													1 568	1 568	1 652	1 742
Service charges - other													-	-	-	-
Rental of facilities and equipment		131	131	131	131	131	131	131	131	131	131	131	(1 275)	162	171	180
Interest earned - external investments													661	661	696	734
Interest earned - outstanding debtors		14	14	14	14	14	14	14	14	14	14	14	(149)	-	-	-
Dividends received		55	55	55	55	55	55	55	55	55	55	55	(606)	-	-	-
Fines													81	81	86	90
Licences and permits													2 807	2 807	2 959	3 119
Agency services		7	7	7	7	7	7	7	7	7	7	7	(74)	-	-	-
Transfers recognised - operational		234	234	234	234	234	234	234	234	234	234	234	94 772	97 345	107 236	89 437
Other revenue													623	623	656	692
Gains on disposal of PPE		43 984				30 360				23 001			(97 345)	-	-	-
Total Revenue (excluding capital transfers and contributions)		52	52	52	52	52	52	52	52	52	52	52	110 384	110 955	121 581	104 556
0													-	-	-	-
Expenditure By Type		45 116	1 132	1 132	1 132	31 492	1 132	1 132	1 132	24 133	1 132	1 132	104 403	214 202	235 037	200 550
Remuneration of councillors																
Debt impairment		2 890	2 890	2 890	2 890	5 012	2 890	2 890	2 890	2 890	2 890	2 890	(32 990)	923	673	369
Depreciation & asset impairment		761	761	761	761	761	761	761	761	761	761	761	(5 074)	3 299	3 472	3 654
Finance charges													2 220	2 220	3 713	3 909
Bulk purchases		275	275	275	275	275	275	275	275	275	275	275	(3 024)	-	-	-
Other materials		310	310	310	310	310	310	310	310	310	310	310	(3 410)	-	-	-
Contracted services													5 599	5 599	5 916	6 235
Transfers and grants													20 094	20 094	25 109	126
Other expenditure		447	447	447	447	447	447	447	447	447	447	447	27 939	32 851	33 738	38 496
Loss on disposal of PPE													-	-	-	-
Total Expenditure		4 287	4 287	4 287	4 287	4 287	4 287	4 287	4 287	4 287	4 287	4 287	63 764	110 922	121 315	104 404
0													-	-	-	-
Surplus/(Deficit)		8 970	8 970	8 970	8 970	11 092	8 970	8 970	8 970	8 970	8 970	8 970	75 118	175 908	193 937	157 194
Contributions recognised - capital		36 146	(7 838)	(7 838)	(7 838)	20 401	(7 838)	(7 838)	(7 838)	15 163	(7 838)	(7 838)	29 285	38 294	41 100	43 356
Contributed assets		19 265				15 136				11 467			(45 868)	-	-	-
Surplus/(Deficit) after capital transfers & contributions													45 900	45 900	36 969	31 047
Taxation													-	-	-	-
Surplus/(Deficit) after taxation		55 411	(7 838)	(7 838)	(7 838)	35 537	(7 838)	(7 838)	(7 838)	26 630	(7 838)	(7 838)	29 317	84 194	78 069	74 403
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
References													-	-	-	-
Contributions recognised - capital	1	55 411	(7 838)	(7 838)	(7 838)	35 537	(7 838)	(7 838)	(7 838)	26 630	(7 838)	(7 838)	29 317	84 194	78 069	74 403

Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand																
R thousand																
Revenue by Vote																
Vote 1 - Governance and Administration		35 139	715	715	715	24 519	715	715	715	18 759	715	715	-	-	-	-
Vote 2 - Financial Services													84 904	84 904	91 163	98 649
Vote 3 - Corporate Services		41	41	41	41	41	41	41	41	41	41	41	(456)	-	-	-
Vote 4 - Sport, Recreation and Community Services		28 779	4	4	4	21 696	4	4	4	16 428	4	4	(66 438)	497	622	655
Vote 5 - Economic and Environmental Services		168	168	168	168	168	168	168	168	168	168	168	65 072	66 915	61 752	31 147
Vote 6 - Transport and Roads		73	73	73	73	73	73	73	73	73	73	73	1 205	2 010	2 119	2 233
Vote 7 - Safety and Security		131	131	131	131	131	131	131	131	131	131	131	(559)	879	926	976
Vote 8 - Solid Waste Management		50											1 518	1 568	1 652	1 742
Vote 9 - Tourism and Sports													50	50	50	50
		64 381	1 132	1 132	1 132	46 628	1 132	1 132	1 132	35 600	1 132	1 132	1 156	156 823	158 284	135 451
Revenue by Vote		1 152	1 152	1 152	1 152	1 313	1 152	1 152	1 152	1 152	1 152	1 152	(12 831)	-	-	-
Vote 1 - Governance and Administration		1 683	1 683	1 683	1 683	1 982	1 683	1 683	1 683	1 683	1 683	1 683	(4 825)	13 983	14 810	15 686
Vote 2 - Financial Services		1 369	1 369	1 369	1 369	1 750	1 369	1 369	1 369	1 369	1 369	1 369	5 053	20 490	21 201	23 118
Vote 3 - Corporate Services		635	635	635	635	863	635	635	635	635	635	635	9 590	16 806	17 757	18 762
Vote 4 - Sport, Recreation and Community Services		2 385	2 385	2 385	2 385	2 720	2 385	2 385	2 385	2 385	2 385	2 385	(18 720)	7 851	8 884	10 095
Vote 5 - Economic and Environmental Services		352	352	352	352	446	352	352	352	352	352	352	26 151	30 119	35 690	12 446
Vote 6 - Transport and Roads		527	527	527	527	771	527	527	527	527	527	527	(1 719)	4 320	4 580	4 837
Vote 7 - Safety and Security		748	748	748	748	1 127	748	748	748	748	748	748	(2 041)	6 566	6 960	7 368
Vote 8 - Solid Waste Management		119	119	119	119	119	119	119	119	119	119	119	8 044	9 356	9 917	10 492
Vote 9 - Tourism and Sports													1 431	1 431	1 517	1 600
		8 970	8 970	8 970	8 970	11 092	8 970	8 970	8 970	8 970	8 970	8 970	10 133	110 922	121 315	104 404
		55 411	(7 838)	(7 838)	(7 838)	35 537	(7 838)	(7 838)	(7 838)	26 630	(7 838)	(7 838)	(8 976)	45 900	36 969	31 047
Surplus/(Deficit) after capital transfers & contributions													45 900	45 900	36 969	31 047
Taxation													-	-	-	-
Surplus/(Deficit) attributable to municipality													45 900	45 900	36 969	31 047
0	1	55 411	(7 838)	(7 838)	(7 838)	35 537	(7 838)	(7 838)	(7 838)	26 630	(7 838)	(7 838)	36 924	91 801	73 937	62 094

Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard																
<i>Governance and administration</i>		35 139	715	715	715	24 519	715	715	715	18 759	715	715	764	84 904	91 163	98 649
Executive and council																
Budget and treasury office		35 139	715	715	715	24 519	715	715	715	18 759	715	715	764	84 904	91 163	98 649
Corporate services																
<i>Community and public safety</i>		115	115	115	115	115	115	115	115	115	115	115	115	1 376	1 547	1 631
Community and social services		41	41	41	41	41	41	41	41	41	41	41	41	497	622	655
Sport and recreation																
Public safety		73	73	73	73	73	73	73	73	73	73	73	73	879	926	976
Housing																
Health																
<i>Economic and environmental services</i>		28 947	171	171	171	21 864	171	171	171	16 596	171	171	147	68 925	63 871	33 380
Planning and development		28 779	4	4	4	21 696	4	4	4	16 428	4	4	(21)	66 915	61 752	31 147
Road transport		168	168	168	168	168	168	168	168	168	168	168	168	2 010	2 119	2 233
Environmental protection																
<i>Trading services</i>		131	131	131	131	131	131	131	131	131	131	131	131	1 568	1 652	1 742
Electricity																
Water																
Waste water management																
Waste management		131	131	131	131	131	131	131	131	131	131	131	131	1 568	1 652	1 742
<i>Other</i>		50												50	50	50
Total Revenue - Standard		64 381	1 132	1 132	1 132	46 628	1 132	1 132	1 132	35 600	1 132	1 132	1 156	156 823	158 284	135 451
Expenditure - Standard																
<i>Governance and administration</i>		4 203	4 203	4 203	4 203	5 045	4 203	4 203	4 203	4 203	4 203	4 203	4 203	51 279	53 768	57 567
Executive and council		1 152	1 152	1 152	1 152	1 313	1 152	1 152	1 152	1 152	1 152	1 152	1 152	13 983	14 810	15 686
Budget and treasury office		1 683	1 683	1 683	1 683	1 982	1 683	1 683	1 683	1 683	1 683	1 683	1 683	20 490	21 201	23 118
Corporate services		1 369	1 369	1 369	1 369	1 750	1 369	1 369	1 369	1 369	1 369	1 369	1 369	16 806	17 757	18 762
<i>Community and public safety</i>		1 162	1 162	1 162	1 162	1 634	1 162	1 162	1 162	1 162	1 162	1 162	1 162	14 417	15 844	17 462
Community and social services		635	635	635	635	863	635	635	635	635	635	635	635	7 851	8 884	10 095
Sport and recreation																
Public safety		527	527	527	527	771	527	527	527	527	527	527	527	6 566	6 960	7 368
Housing																
Health																
<i>Economic and environmental services</i>		2 737	2 737	2 737	2 737	3 166	2 737	2 737	2 737	2 737	2 737	2 737	3 900	34 440	40 269	17 283
Planning and development		2 385	2 385	2 385	2 385	2 720	2 385	2 385	2 385	2 385	2 385	2 385	3 548	30 119	35 690	12 446
Road transport		352	352	352	352	446	352	352	352	352	352	352	352	4 320	4 580	4 837
Environmental protection																
<i>Trading services</i>		748	748	748	748	1 127	748	748	748	748	748	748	748	9 356	9 917	10 492
Electricity																
Water																
Waste water management																
Waste management		748	748	748	748	1 127	748	748	748	748	748	748	748	9 356	9 917	10 492
<i>Other</i>		119	119	119	119	119	119	119	119	119	119	119	119	1 431	1 517	1 600
Total Expenditure - Standard		8 970	8 970	8 970	8 970	11 092	8 970	8 970	8 970	8 970	8 970	8 970	10 133	110 922	121 315	104 404
Surplus/(Deficit) before assoc.		55 411	(7 838)	(7 838)	(7 838)	35 537	(7 838)	(7 838)	(7 838)	26 630	(7 838)	(7 838)	(8 976)	45 900	36 969	31 047
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	55 411	(7 838)	(7 838)	(7 838)	35 537	(7 838)	(7 838)	(7 838)	26 630	(7 838)	(7 838)	(8 976)	45 900	36 969	31 047

Table 46 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated	1															
Vote 1 - Governance and Administration													-	-	-	-
Vote 2 - Financial Services													-	-	-	-
Vote 3 - Corporate Services													-	-	-	-
Vote 4 - Sport, Recreation and Community Services													-	-	-	-
Vote 5 - Economic and Environmental Services		19 265				15 136				11 467			-	45 868	36 703	30 895
Vote 6 - Transport and Roads													-	-	-	-
Vote 7 - Safety and Security													-	-	-	-
Vote 8 - Solid Waste Management													-	-	-	-
Vote 9 - Tourism and Sports													-	-	-	-
Capital multi-year expenditure sub-total	2	19 265	-	-	-	15 136	-	-	-	11 467	-	-	-	45 868	36 703	30 895
Single-year expenditure to be appropriated																
Vote 1 - Governance and Administration													-	-	500	-
Vote 2 - Financial Services			15										-	15	270	-
Vote 3 - Corporate Services				40 000									-	40 000	-	-
Vote 4 - Sport, Recreation and Community Services			15		30	300		300	300				-	945	-	-
Vote 5 - Economic and Environmental Services			43										-	43	295	-
Vote 6 - Transport and Roads			500	282	46		15						-	843	-	-
Vote 7 - Safety and Security		350									54		-	404	-	-
Vote 8 - Solid Waste Management		13					452						-	465	-	-
Vote 9 - Tourism and Sports													-	-	-	-
Capital single-year expenditure sub-total	2	363	572	40 282	76	300	467	300	300	-	54	-	-	42 715	1 065	-
Total Capital Expenditure	2	19 628	572	40 282	76	15 436	467	300	300	11 467	54	-	-	88 583	37 768	30 895

Table 50 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	15	40 000	-	-	-	-	-	-	-	-	-	40 015	770	-
Executive and council														-	500	-
Budget and treasury office			15											15	270	-
Corporate services				40 000										40 000	-	-
<i>Community and public safety</i>		350	15	-	30	300	300	300	-	-	54	-	-	1 350	-	-
Community and social services			15		30	300	300	300						945	-	-
Sport and recreation														-	-	-
Public safety		350									54			404	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		19 265	543	282	46	15 151	-	-	-	11 467	-	-	-	46 753	36 998	30 895
Planning and development		19 265	43			15 136				11 467				45 911	36 998	30 895
Road transport			500	282	46	15								843	-	-
Environmental protection														-	-	-
<i>Trading services</i>		13	-	-	-	452	-	-	-	-	-	-	-	465	-	-
Electricity														-	-	-
Water														-	-	-
Waste water management														-	-	-
Waste management		13				452								465	-	-
<i>Other</i>														-	-	-
Total Capital Expenditure - Standard	2	19 628	572	40 282	76	15 903	300	300	-	11 467	54	-	-	88 583	37 768	30 895

Table 51 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source															
Property rates	316	316	316	316	316	316	316	316	316	316	316	316	3 786	4 171	4 503
Property rates - penalties & collection charges	238	238	238	238	238	238	238	238	238	238	238	238	2 853	3 007	3 170
Service charges - refuse revenue	131	131	131	131	131	131	131	131	131	131	131	131	1 568	1 652	1 742
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	14	14	14	14	14	14	14	14	14	14	14	14	162	171	180
Interest earned - external investments	55	55	55	55	55	55	55	55	55	55	55	55	661	696	734
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	7	7	7	7	7	7	7	7	7	7	7	7	81	86	90
Licences and permits	234	234	234	234	234	234	234	234	234	234	234	234	2 807	2 959	3 119
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	43 984	-	-	-	30 360	-	-	-	23 001	-	-	-	97 345	107 236	89 437
Other revenue	52	52	52	52	52	52	52	52	52	52	52	52	623	656	692
Cash Receipts by Source	45 029	1 045	1 045	1 045	31 405	1 045	1 045	1 045	24 046	1 045	1 045	1 045	109 886	120 634	103 666
Other Cash Flows by Source															
Transfer receipts - capital	19 265	-	-	-	15 136	-	-	-	11 467	-	-	-	45 868	36 703	30 895
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	40 000	-	-	-	-	-	-	-	-	-	-	40 000	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	64 294	41 045	1 045	1 045	46 541	1 045	1 045	1 045	35 513	1 045	1 045	1 045	195 754	157 337	134 561
Cash Payments by Type															
Employee related costs	2 890	2 890	2 890	2 890	5 012	2 890	2 890	2 890	2 890	2 890	2 890	2 890	36 803	39 011	41 352
Remuneration of councillors	761	761	761	761	761	761	761	761	761	761	761	761	9 134	9 682	10 263
Finance charges	185	185	185	185	185	185	185	185	185	185	185	185	2 220	2 213	2 409
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	447	447	447	447	447	447	447	447	447	447	447	687	5 599	5 916	6 235
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	4 037	4 037	4 037	4 037	4 037	4 037	4 037	4 037	4 037	4 037	4 037	4 037	48 442	53 943	34 183
Cash Payments by Type	8 320	8 320	8 320	8 320	10 441	8 320	8 320	8 320	8 320	8 320	8 320	8 560	102 197	110 765	94 442
Other Cash Flows/Payments by Type															
Capital assets	19 628	572	40 282	76	15 436	467	300	300	11 467	54	-	-	88 583	37 768	30 895
Repayment of borrowing	364	364	364	364	364	364	364	364	364	364	364	364	4 364	4 525	4 525
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	28 311	9 256	48 965	8 759	26 241	9 150	8 983	8 983	20 150	8 738	8 683	8 923	195 144	153 058	129 862
NET INCREASE/(DECREASE) IN CASH HELD	35 983	31 789	(47 920)	(7 714)	20 300	(8 105)	(7 938)	(7 938)	15 363	(7 693)	(7 638)	(7 878)	610	4 279	4 699
Cash/cash equivalents at the month/year begin:	7 701	43 684	75 473	27 553	19 839	40 139	32 034	24 096	16 157	31 520	23 828	16 189	7 701	8 311	12 590
Cash/cash equivalents at the month/year end:	43 684	75 473	27 553	19 839	40 139	32 034	24 096	16 157	31 520	23 828	16 189	8 311	8 311	12 590	17 289

2.8 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.9 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

2.10 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Tetrafull 1261 cc	Yrs	3	Maintenance of landfill site	30 June 2014	2 652
Globetech Security Serviss cc	Yrs	3	Security Services	30 June 2014	2 316

Table 53 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	3 016	29 825	22 899	56 596	56 596	45 868	36 703	30 895
Infrastructure - Road transport		-	3 016	19 495	13 899	13 596	13 596	45 868	36 703	30 895
Roads, Pavements & Bridges			3 016	19 495	13 899	13 596	13 596	45 868	36 703	30 895
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	10 330	9 000	43 000	43 000	-	-	-
Waste Management										
Transportation		2		10 330	9 000	40 500	40 500	-	-	-
Gas										
Other	3					2 500	2 500	-	-	-
Community		11 520	6 870	2 223	9 266	9 064	9 064	-	-	-
Parks & gardens										
Sportsfields & stadia		11 520	1 260	2 223	4 633	4 532	4 532			
Swimming pools						-	-			
Community halls			5 443		4 633	4 532	4 532			
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses		7								
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other			167							
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		830	1 506	1 918	18 027	3 276	3 276	2 327	525	-
General vehicles		432	599	378		749	749	900	525	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		319	352	223	4 722	2 222	2 222	965	-	-
Computers - hardware/equipment		78	505	244	280	280	280			
Furniture and other office equipment			51	241	26	26	26	180	-	-
Abattoirs						-	-			
Markets						-	-			
Civic Land and Buildings					13 000	-	-			
Other Buildings				832				282		
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	12 350	11 392	33 967	50 192	68 936	68 936	48 195	37 228	30 895
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse						-	-			
Fire										
Conservancy										
Ambulances										

Table 54 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
Capital expenditure on renewal of existing assets by Asset Class/Sub-class											
Infrastructure	2	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	
Roads, Pavements & Bridges											
Storm water											
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management											
Transportation											
Gas											
Other											
Community		7	-	-	-	-	-	-	-	-	-
Parks & gardens											
Sportsfields & stadia											
Swimming pools											
Community halls											
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics	8										
Museums & Art Galleries											
Cemeteries											
Social rental housing											
Other											
Heritage assets		9	-	-	-	-	-	-	-	-	-
Buildings											
Other											
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets	10		-	-	-	1 643	1 643	1 643	40 388	540	-
General vehicles						1 600	1 600	1 600	350	500	
Specialised vehicles			-	-	-	-	-	-	-	-	-
Plant & equipment											
Computers - hardware/equipment					29	29	29	38	40		
Furniture and other office equipment					14	14	14				
Abattoirs											
Markets											
Civic Land and Buildings								40 000			
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
Intangibles	11	-	-	-	-	-	-	-	-	-	
Computers - software & programming											
Other (list sub-class)											
Total Capital Expenditure on renewal of existing asse	1	-	-	-	1 643	1 643	1 643	40 388	540	-	
Specialised vehicles											
Refuse		-	-	-	-	-	-	-	-	-	
Fire											
Conservancy											
Ambulances											
Renewal of Existing Assets as % of total capex											
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	3.2%	2.3%	2.3%	45.6%	1.4%	0.0%	
		0.0%	0.0%	0.0%	52.5%	52.5%	52.5%	1224.2%	15.6%	0.0%	

Table 55 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
Infrastructure - Road transport		-	246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
<i>Roads, Pavements & Bridges</i>			246	3 000	1 100	2 600	2 600	2 756	2 921	3 079
<i>Storm water</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics	7									
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other	8									
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		430	595	1 881	5 203	3 703	3 703	3 114	3 288	3 466
General vehicles		245	399	572	1 300	1 300	1 300	1 376	1 455	1 533
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment				76	200	200	200	212	224	236
Computers - hardware/equipment		32	30	-	85	85	85	90	95	100
Furniture and other office equipment										
Abattoirs		153	166							
Markets										
Civic Land and Buildings										
Other Buildings				1 233	3 618	2 118	2 118	1 437	1 514	1 596
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Repairs and Maintenance Expenditure	1	430	841	4 881	6 303	6 303	6 303	5 870	6 209	6 545
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		1.2%	1.5%	5.7%	4.3%	4.1%	4.1%	2.5%	2.3%	2.2%
R&M as % Operating Expenditure		1.4%	1.6%	6.8%	8.2%	7.8%	7.8%	5.3%	5.1%	6.3%

Table 56 MBRR SA34d– Depreciation by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue			
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
<u>Depreciation by Asset Class/Sub-class</u>											
<u>Infrastructure</u>		23	1 125	659	659	659	659	696	734	773	
Infrastructure - Road transport		23	1 125	659	659	659	659	696	734	773	
<i>Roads, Pavements & Bridges</i>		23	1 125	659	659	659	659	696	734	773	
<i>Storm water</i>											
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
<i>Waste Management</i>											
<i>Transportation</i>											
<i>Gas</i>											
<i>Other</i>											
<u>Community</u>		2									
Parks & gardens		3									
Sportsfields & stadia											
Swimming pools											
Community halls											
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses		7									
Clinics											
Museums & Art Galleries											
Cemeteries											
Social rental housing	8										
Other											
<u>Heritage assets</u>		-	-	-	-	-	-	-	-	-	
Buildings	9										
Other											
<u>Investment properties</u>		-	-	-	-	-	-	-	-	-	
Housing development											
Other											
<u>Other assets</u>		1 998	2 045	3 383	2 372	2 372	2 372	2 505	2 627	2 756	
General vehicles	10	528	332	895	663	663	663	700	738	778	
Specialised vehicles		-	-	-	232	232	232	245	245	245	
Plant & equipment		350	63	156	156	156	156	165	174	183	
Computers - hardware/equipment		4	134	323	323	323	323	342	360	379	
Furniture and other office equipment		68	154	393	393	393	393	415	437	461	
Abattoirs											
Markets											
Civic Land and Buildings		1 048	1 363	1 616	605	605	605	639	673	710	
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-	
<i>List sub-class</i>											
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-	
<i>List sub-class</i>											
<u>Intangibles</u>		9	9	333	98	98	98	98	98	98	
Computers - software & programming		9	9	333	98	98	98	98	98	98	
Other (<i>list sub-class</i>)											
Total Depreciation	1	2 030	3 180	4 375	3 129	3 129	3 129	3 299	3 459	3 627	
<u>Specialised vehicles</u>											
Refuse		-	-	-	232	232	232	245	245	245	
Fire					232	232	232	245	245	245	
Conservancy											
Ambulances											

Table 57 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2012/13 Medium Term Revenue &			Forecasts			
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
Capital expenditure	1							
Vote 1 - Governance and Administration		–	500	–	650	650	350	
Vote 2 - Financial Services		15	270	–	75	25	95	
Vote 3 - Corporate Services		40 000	–	–	–	–	–	
Vote 4 - Sport, Recreation and Community Services		945	–	–	–	350	–	
Vote 5 - Economic and Environmental Services		45 911	36 998	30 895	32 748	34 715	36 796	
Vote 6 - Transport and Roads		843	–	–	263	455	–	
Vote 7 - Safety and Security		404	–	–	365	–	150	
Vote 8 - Solid Waste Management		465	–	–	–	–	–	
Vote 9 - Tourism and Sports		–	–	–				
Total Capital Expenditure		88 583	37 768	30 895	34 101	36 195	37 391	–
Future operational costs by vote	2							
Vote 1 - Governance and Administration		13 983	14 810	15 686	16 533	17 426	18 366	
Vote 2 - Financial Services		20 490	21 201	23 118	24 366	25 682	27 070	
Vote 3 - Corporate Services		16 806	17 757	18 762	19 775	20 843	21 968	
Vote 4 - Sport, Recreation and Community Services		7 851	8 884	10 095	10 640	11 215	11 820	
Vote 5 - Economic and Environmental Services		30 119	35 690	12 446	13 118	13 826	14 573	
Vote 6 - Transport and Roads		4 320	4 580	4 837	5 098	5 374	5 664	
Vote 7 - Safety and Security		6 566	6 960	7 368	7 765	8 185	8 627	
Vote 8 - Solid Waste Management		9 356	9 917	10 492	11 058	11 655	12 285	
Vote 9 - Tourism and Sports		1 431	1 517	1 600	1 686	1 777	1 873	
Total future operational costs		110 922	121 315	104 404	110 039	115 983	122 246	–
Future revenue by source	3							
Property rates		6 423	6 769	7 135	7 520	7 926	8 355	
Property rates - penalties & collection charges		1 285	1 355	1 428	1 505	1 586	1 672	
Service charges - electricity revenue		–	–	–	–	–	–	
Service charges - water revenue		–	–	–	–	–	–	
Service charges - sanitation revenue		–	–	–	–	–	–	
Service charges - refuse revenue		1 568	1 652	1 742	1 836	1 935	2 040	
Service charges - other		4 172	4 397	4 635	4 635	4 885	5 150	
Rental of facilities and equipment		162	171	180	190	200	211	
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		13 610	14 345	15 119	15 686	16 532	17 428	–
Net Financial Implications		185 895	144 738	120 180	128 454	135 646	142 209	–

Table 58 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4				6	3	3	5		Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Governance and Administration		Computer equipment								9						
Governance and Administration		Furniture and equipment									18					
Governance and Administration		Motor vehicles								67			500			Renewal
Finance Services		Computer equipment								161	145		20			Renewal
Finance Services		Furniture and equipment								137	8	15	250			Renewal
Corporate Services		New office building										40 000				Renewal
Corporate Services		Motor vehicles									1 600					Renewal
Corporate Services		Computer equipment									29					Renewal
Corporate Services		Furniture and equipment								87	8					Renewal
Community Services		Furniture and equipment								17		30				New
Community Services		Motor vehicles										900				New
Community Services		Computer equipment										15				New
Public Safety		Motor vehicles										350				New
Public Safety		Computer equipment								37		8				Renewal
Public Safety		Furniture and equipment										47				New
Planning and Development		Community Halls								12 708	4 633	25 314	26 703	28 247		New
Planning and Development		Creches									4 633					New
Planning and Development		Motor vehicles											275			New
Planning and Development		Computer equipment								36	59		20			Renewal
Planning and Development		Furniture and equipment									6	43				New
Planning and Development		Roads								11 255	13 900					New
Transport and Roads		Testing Centre equipment									3 200	500				New
Transport and Roads		Testing Centre								840						
Transport and Roads		Parkhomes										282				New
Transport and Roads		Taxi Rank & Bus Ranks								3 562	9 000	20 554	10 000	2 648		New
Transport and Roads		Rehabilitation of R66								4 893						
Transport and Roads		Computer equipment										15				Renewal
Transport and Roads		Furniture and equipment										46				New
Waste Management		Plant and equipment								223	1 522	465				New
Waste Management		Computer equipment									10					New
Total Capital expenditure										33 967	38 835	88 583	37 768	30 895		

Table 59 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year		2012/13 Medium Term Revenue		
								Original Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand							Year					
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Entities: <i>List all capital projects grouped by Municipal Entity</i>												
<i>Entity Name</i> <i>Project name</i>												

The municipality did not have projects that were delayed from the previous financial year.

2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly financial performance.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed the second group of five interns undergoing training in various divisions of the Financial Services Department. The municipality had to employ permanently the first group of financial interns to address the staff shortage problem. **Budget and Treasury Office**
The Budget and Treasury Office has been established in accordance with the MFMA.

3. Audit Committee

The Audit Committee has functioned satisfactorily during the year.

4. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2012/13 MTREF in May 2012.

5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.12 Municipal manager's quality certificate

I M J Dladla, municipal manager of Nongoma Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: M J DLADLA

Municipal manager of Nongoma Municipality (KZN265)

Signature _____

Date _____